# Agriculture and Agri-Food Canada

# 2010-2011
# Estimates

# Part III – Report on Plans and Priorities

Agriculture and Agri-Food Canada | Agriculture et Agroalimentaire Canada

Canada

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# Minister's Message

**The Honourable Gerry Ritz**

Agriculture is the backbone of Canada's economy, driving jobs and prosperity for Canadians. As Canada positions itself for future growth, agriculture will continue to be a leading priority for the federal government.

It all starts with the farmer. A profitable farm gate is critical to the success of the sector, and that is why this Government continues to put *Farmers First* in all of our policies and programs.

Farmers tell me time and again they want governments to help them compete in an innovative and environmentally sustainable sector, supported by programs that are responsive, predictable and bankable.

We listened and we're delivering.

*Growing Forward*, the five-year, federal-provincial-territorial framework for agriculture, is delivering flexible and responsive programs that provinces and territories can tailor to meet the unique needs of their producers and processors. Over the five years, the federal government is contributing to the $1.3 billion in cost-shared, non-business risk management programs. It will provide an additional $1 billion in federal-only programming.

Canada's Economic Action Plan is helping farmers and food processors proactively capture new market opportunities, through the $500-million Agricultural Flexibility Fund, $50 million to strengthen red meat processing operations, and the new *Canadian Agricultural Loans Act*, which will deliver about $1 billion in government-guaranteed loans over five years to help producers, including new producers, build their businesses.

With almost half of Canada's total agricultural production exported, much of the potential for growth lies in our ability to expand our markets abroad. That is why I have made market access a central focus of my mandate. Side by side with industry and our provincial and territorial colleagues, we have delivered results for producers in key global markets.

Here at home, we are working with producers to respond to immediate pressures, through our new suite of business risk management programs, and investments to help Canada's pork producers weather the financial storm and transition to new market realities.

Over the next three years, we will work through *Growing Forward* and other programs to deliver real results for the sector and Canadians in three key priority areas – innovation, the environment, and a competitive sector that proactively manages business risks.

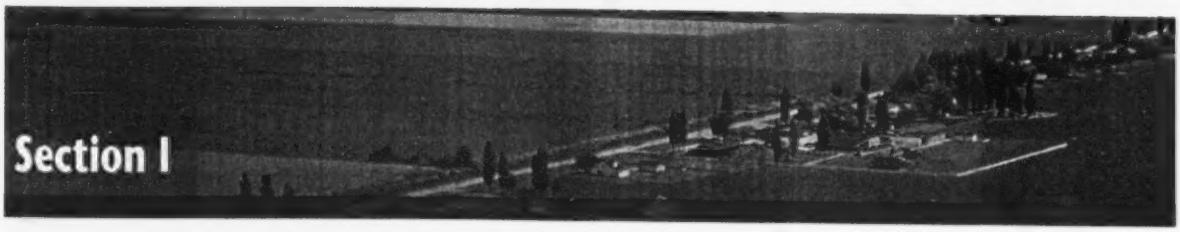
We will continue to help farmers take action on the environment and food safety systems, while ensuring programs reflect their changing needs and support innovation so the sector can meet – and beat – the competition.

Since coming to office, this Government has worked hard with our partners in the provinces and territories and in industry on behalf of our nation's farmers. I use the word *partners* very consciously. Working side by side with the sector and other governments will always be the soundest approach to addressing current and emerging challenges while building on our strengths.

There is another solid partnership striving to advance the interests of our farmers. The seven organizations in my Agriculture and Agri-Food Portfolio each have their own particular mandates and pursue their own activities. At the same time, these organizations share certain responsibilities, serve many of the same clients and all have the same overarching mandate to support Canada's agriculture and agri-food industry. Their employees perform their duties with the professionalism, dedication and energy that Canadians expect and deserve.

As Minister, I will continue to depend on the hard work and expertise of the portfolio organizations as, together, we help industry realize the promise of its future.

The Honourable Gerry Ritz
Minister of Agriculture and Agri-Food and
Minister for the Canadian Wheat Board




# Departmental Overview

## Summary Information

### Raison d'être

Agriculture and Agri-Food Canada (AAFC) was created in 1868 – one year after Confederation – because of the importance of agriculture to the economic, social and cultural development of Canada. Today, the department provides information, research and technology, and policies and programs to help ensure the agriculture, agri-food and agri-based products industries can compete in domestic and international markets, deriving economic returns to the sector and the Canadian economy as a whole. Through its work, the department strives to help the sector maximize its long-term profitability and competitiveness, while respecting the environment and the safety and security of Canada's food supply.

### Responsibilities

AAFC provides information, research and technology, and policies and programs to help Canada's agriculture, agri-food and agri-based products sector increase its environmental sustainability, compete in markets at home and abroad, manage risk, and embrace innovation. The activities of the department extend from the farmer to the consumer, from the farm to global markets, through all phases of production, processing and marketing of agriculture and agri-food products.

AAFC derives its mandate from the *Department of Agriculture and Agri-Food Act*. The Minister is also responsible for the administration of several other Acts, such as the *Canadian Agricultural Loans Act*. A list of these Acts is available at: www.agr.gc.ca/acts.

The department is responsible for ensuring collaboration among the organizations within the Agriculture and Agri-Food Portfolio; this ensures coherent policy and program development and effective cooperation in meeting challenges on cross-portfolio issues. The other portfolio organizations are: the Canadian Dairy Commission; the Canadian Food Inspection Agency; the Canadian Grain Commission; Farm Credit Canada; the Canada Agricultural Review Tribunal; and the Farm Products Council of Canada. For more information on these portfolio organizations, visit www.agr.gc.ca/portfolio. AAFC also includes the Canadian Pari-Mutuel Agency, a special operating agency that regulates and supervises pari-mutuel betting on horse racing at racetracks across Canada.

AAFC provides the overall leadership and coordination on federal rural policies and programs through Canada's Rural Partnership, and supports co-operatives to promote economic growth and social development of Canadian society. Through the Rural and Co-operatives Development program, AAFC coordinates the Government's policies towards the goal of economic and social development and renewal of rural Canada. The program also facilitates the development of co-operatives which help Canadians and communities capture economic opportunities.

The department also supports the Minister in his role as Minister for the Canadian Wheat Board.

## Strategic Outcomes

To effectively pursue its mandate and make a difference to Canadians, AAFC's policies and programs are designed to achieve the following three Strategic Outcomes (SO):

### SO 1 An environmentally sustainable agriculture, agri-food and agri-based products sector

AAFC supports an economically and environmentally sustainable agriculture, agri-food and agri-based products sector that ensures proper management of available natural resources and adaptability to changing environmental conditions. Addressing key environmental challenges in Canada including agriculture's impact on water quality and water use, adaptation to the impact of climate change, mitigation of agriculture's greenhouse gas emissions and the exploration of new economic opportunities contribute to a cleaner environment and healthier living conditions for the Canadian public, while enabling the sector to become more profitable.

**Did you know?**

The department's Prairie Shelterbelt Program is one of the longest running Government of Canada programs. Since 1901, 600 million tree seedlings have been produced and distributed to 700,000 Western Canada farm clients. That is enough trees, at two-metre spacing, to encircle the planet 30 times! In 2010, over 5000 farmers will receive tree seedlings to help plant over 150 km of trees to protect water sources and habitats. Visit: www.agr.gc.ca/agroforestry.

### SO 2 A competitive agriculture, agri-food and agri-based products sector that proactively manages risk

Canada's capacity to produce, process and distribute safe, healthy, high-quality and viable agriculture, agri-food and agri-based products is dependent on its ability to proactively manage and minimize risks and to expand domestic and global markets for the sector by meeting and exceeding consumer demands and expectations. Proactive risk management to ensure food safety, market development and responsiveness, and improved regulatory environment contribute directly to the economic stability and prosperity of Canadian farmers and provide greater security for the Canadian public regarding the sector.

**Did you know?**

Canada is one of the largest exporters of agri-food and seafood in the world. Over 47 per cent of all agri-food products are exported to 196 countries around the globe. These exports are crucial to the profitability of the Canadian agriculture and agri-food sector. AAFC will continue to support the exporting process through various activities from negotiating trade agreements, resolving trade disputes, organizing overseas trade missions and market development activities, to developing and promoting the Canada Brand. Visit: www.ats-sea.agr.gc.ca.

### SO 3 An innovative agriculture, agri-food and agri-based products sector

Sector innovation includes the development and commercialization of value-added agricultural-based products, knowledge-based production systems, processes and technologies, and equipping the sector with improved business and management skills and strategies to capture opportunities and to manage change. Such innovation is vital for ongoing growth and improvement in the productivity, profitability, competitiveness and sustainability of Canada's agriculture, agri-food and agri-based products sector and its rural communities.

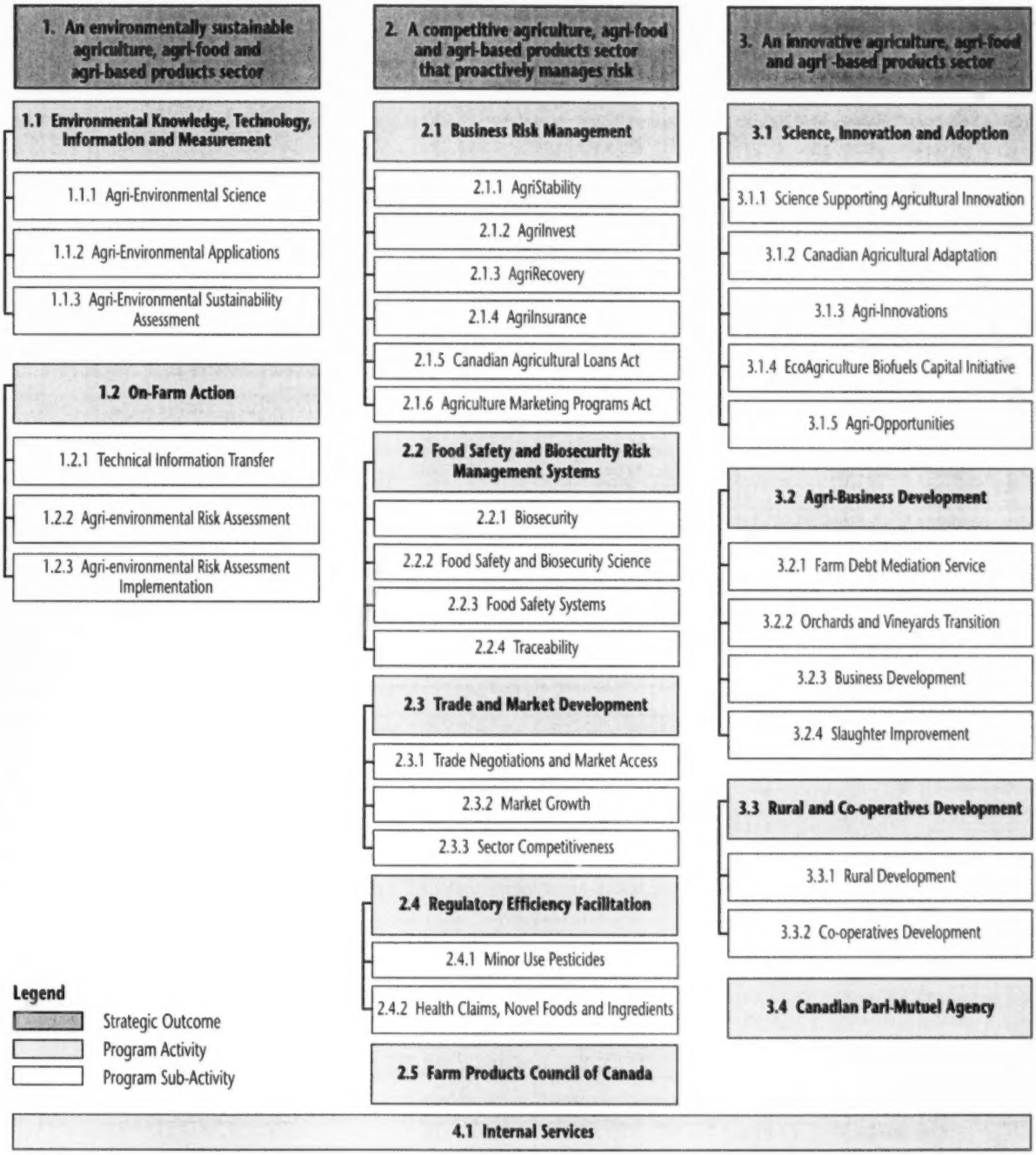
**Did you know?**

Nanotechnology, the science of the really, really small, has tremendous potential in the food science world, opening the door to advances in the way food is grown, processed and packaged. AAFC scientists at the Food Research and Development Centre in St-Hyacinthe, Quebec, are working on three projects focused on this novel technological breakthrough.

## Program Activity Architecture

The graphic below displays AAFC's Program Activities and Program Sub-Activities that comprise its Program Activity Architecture (PAA). This PAA reflects how the department allocates and manages its resources and makes progress toward its strategic outcomes.

### AAFC's 2010-11 Program Activity Architecture


1. An environmentally sustainable agriculture, agri-food and agri-based products sector
1.1 Environmental Knowledge, Technology, Information and Measurement
1.1.1 Agri-Environmental Science
1.1.2 Agri-Environmental Applications
1.1.3 Agri-Environmental Sustainability Assessment
1.2 On-Farm Action
1.2.1 Technical Information Transfer
1.2.2 Agri-environmental Risk Assessment
1.2.3 Agri-environmental Risk Assessment Implementation
2. A competitive agriculture, agri-food and agri-based products sector that proactively manages risk
2.1 Business Risk Management
2.1.1 AgriStability
2.1.2 AgriInvest
2.1.3 AgriRecovery
2.1.4 AgriInsurance
2.1.5 Canadian Agricultural Loans Act
2.1.6 Agriculture Marketing Programs Act
2.2 Food Safety and Biosecurity Risk Management Systems
2.2.1 Biosecurity
2.2.2 Food Safety and Biosecurity Science
2.2.3 Food Safety Systems
2.2.4 Traceability
2.3 Trade and Market Development
2.3.1 Trade Negotiations and Market Access
2.3.2 Market Growth
2.3.3 Sector Competitiveness
2.4 Regulatory Efficiency Facilitation
2.4.1 Minor Use Pesticides
2.4.2 Health Claims, Novel Foods and Ingredients
2.5 Farm Products Council of Canada
3. An innovative agriculture, agri-food and agri -based products sector
3.1 Science, Innovation and Adoption
3.1.1 Science Supporting Agricultural Innovation
3.1.2 Canadian Agricultural Adaptation
3.1.3 Agri-Innovations
3.1.4 EcoAgriculture Biofuels Capital Initiative
3.1.5 Agri-Opportunities
3.2 Agri-Business Development
3.2.1 Farm Debt Mediation Service
3.2.2 Orchards and Vineyards Transition
3.2.3 Business Development
3.2.4 Slaughter Improvement
3.3 Rural and Co-operatives Development
3.3.1 Rural Development
3.3.2 Co-operatives Development
3.4 Canadian Pari-Mutuel Agency
Legend
Strategic Outcome
Program Activity
Program Sub-Activity
4.1 Internal Services

# Planning Summary

## Financial Resources (Total Net Planned Spending)

The following table provides a summary of the total planned spending for AAFC for the next three fiscal years. For an explanation of the annual variation in spending displayed in this table, please refer to the discussion of the departmental spending trend in the Expenditure Profile subsection.

### Financial Resources (net) ($ millions)

| 2010-11 | 2011-12 | 2012-13 |
|---|---|---|
| 3,331.3 | 2,997.1 | 1,947.1 |

The following table provides a summary of the total planned human resources for AAFC for the next three fiscal years, which is based on the department's existing workforce. The department's human resources over the planning period will be aligned in accordance with the government's priorities for AAFC.

### Human Resources (Full-time Equivalent – FTEs)*

| 2010-11 | 2011-12 | 2012-13 |
|---|---|---|
| 6,086 | 6,086 | 6,086 |

* These FTEs do not include students or staff funded through respendable revenue sources. For example, in 2009-2010, there were 69 FTEs employed by AAFC funded by respendable revenue sources from collaborative research projects with industry and other activities not funded through AAFC appropriations. Also, 458 FTEs were employed as students.

## Planning Summary by Strategic Outcome

The following tables provide a summary of planned performance and spending for each of AAFC's three Strategic Outcomes.

| **SO 1: An environmentally sustainable agriculture, agri-food and agri-based products sector** | | | | | |
|---|---|---|---|---|---|
| **Performance Indicators** | | **Targets** | | | |
| Soil Quality Agri-Environmental Index* | | 81 by March 31, 2030 | | | |
| Water Quality Agri-Environmental Index* | | 81 by March 31, 2030 | | | |
| Air Quality Agri-Environmental Index* | | 81 by March 31, 2030 | | | |
| Biodiversity Quality Agri-Environmental Index* | | 81 by March 31, 2030 | | | |
| **Program Activity** | **Forecast Spending (net)[1] 2009-10 ($ millions)** | **Planned Spending (net)[2] ($ millions)** | | | **Alignment to Government of Canada Outcomes** |
| | | 2010-11 | 2011-12 | 2012-13 | |
| Environmental Knowledge, Technology, Information and Measurement | 72.3 | 59.6 | 59.8 | 57.1 | A Clean and Healthy Environment |
| On-Farm Action | 141.0 | 152.5 | 147.2 | 138.7 | A Clean and Healthy Environment |
| **Total for SO 1** | **213.3** | **212.1** | **206.9** | **195.8** | |

* The indices listed measure agri-environmental progress in each of the four key areas of soil, water, air, and biodiversity. The scale for these indices is: 0-20 = Unacceptable; 21-40 = Poor; 41-60 = Average; 61-80 = Good; and 81-100 = Desired. A target of 81-100, with a stable or improving trend, represents the desired value for the sector's performance.

| SO 2: A competitive agriculture, agri-food and agri-based products sector that proactively manages risk | | | | | |
|---|---|---|---|---|---|
| **Performance Indicators** | | **Targets** | | | |
| Increase in agriculture and agri-food (includes seafood processing) Gross Domestic Product (GDP), in constant dollars (1997 dollars) | | 10 per cent by March 31, 2013 | | | |
| **Program Activity** | **Forecast Spending (net)[1] 2009-10 ($ millions)** | **Planned Spending (net)[2] ($ millions)** | | | **Alignment to Government of Canada Outcomes** |
| | | 2010-11 | 2011-12 | 2012-13 | |
| Business Risk Management | 2,235.0 | 1,996.2 | 1,873.6 | 843.6 | Strong Economic Growth |
| Food Safety and Biosecurity Risk Management Systems | 145.8 | 154.8 | 97.8 | 90.0 | Strong Economic Growth |
| Trade and Market Development | 126.2 | 116.3 | 116.6 | 117.2 | Strong Economic Growth |
| Regulatory Efficiency Facilitation | 26.8 | 35.9 | 35.8 | 36.0 | Strong Economic Growth |
| Farm Products Council of Canada | 2.8 | 2.8 | 2.8 | 2.8 | Strong Economic Growth |
| **Total for SO 2** | **2,536.6** | **2,306.0** | **2,126.6** | **1,089.6** | |

| SO 3: An innovative agriculture, agri-food and agri-based products sector | | | | | |
|---|---|---|---|---|---|
| **Performance Indicators** | | **Targets** | | | |
| Percentage increase in the development of food and other agriculture-derived products and services as measured by 1) revenues from bio-products and 2) percentage increase in private industry's Research and Development (R&D) expenditures in the agri-food sector as measured by the food processing and bio-products sectors (Percentage reflects a real increase, after adjustments for inflation) | | 10 per cent by March 31, 2014 | | | |
| Increase in agriculture Net Value-Added (Value-Added is a Statistics Canada measure of Canadian value-added GDP) | | 7 per cent by March 31, 2014 | | | |
| **Program Activity** | **Forecast Spending (net)[1] 2009-10 ($ millions)** | **Planned Spending (net)[2] ($ millions)** | | | **Alignment to Government of Canada Outcomes** |
| | | 2010-11 | 2011-12 | 2012-13 | |
| Science, Innovation and Adoption | 355.1 | 408.8 | 286.7 | 306.7 | An Innovative and Knowledge-based Economy |
| Agri-Business Development | 63.1 | 72.9 | 52.3 | 36.8 | An Innovative and Knowledge-based Economy |
| Rural and Co-operatives Development | 25.7 | 25.1 | 25.1 | 20.2 | An Innovative and Knowledge-based Economy |
| Canadian Pari-Mutuel Agency | 0.5 | 0.4 | (0.0) | (0.3) | A Fair and Secure Marketplace |
| **Total for SO 3** | **444.4** | **507.2** | **364.1** | **363.5** | |

| PA 4.1: Internal Services | | | | | |
|---|---|---|---|---|---|
| **Program Activity** | **Forecast Spending (net)[1] 2009-10 ($ millions)** | **Planned Spending (net)[2] ($ millions)** | | | **Alignment to Government of Canada Outcomes** |
| | | 2010-11 | 2011-12 | 2012-13 | |
| **Total for PA 4.1** | **360.2** | **306.0** | **299.4** | **298.3** | Supports all Strategic Outcomes |

| Total Department[3] | | | | | |
|---|---|---|---|---|---|
| Program Activity | Forecast Spending (net)[1] 2009-10 ($ millions) | Planned Spending (net)[2] ($ millions) | | | Alignment to Government of Canada Outcomes |
| | | 2010-11 | 2011-12 | 2012-13 | |
| All Program Activities | 3,554.5 | 3,331.3 | 2,997.1 | 1,947.1 | Supports all Strategic Outcomes |

1 Forecast spending 2009-10 reflects the authorized funding levels to the end of the fiscal year 2009-10 (not necessarily forecast expenditures).

2 Planned spending reflects funds already brought into the department's reference levels as well as amounts to be authorized through the Estimates process (for the 2010-11 through to 2012-13 planning years) as presented in the Annual Reference Level Update. It also includes adjustments in future years for funding approved in the government fiscal plan, but yet to be brought into the department's reference levels. Planned spending has not been adjusted to include new information contained in Budget 2010. More information will be provided in the 2010-11 Supplementary Estimates.

3 For an explanation of the annual variation in spending displayed in the above table, please refer to the discussion of the departmental spending trend in the Expenditure Profile subsection.

The figures in the above tables have been rounded. Figures that cannot be listed in millions of dollars are shown as 0.0. Due to rounding, figures may not add to the totals shown.

## Contribution of Priorities to Strategic Outcomes

As noted in Canada's Economic Action Plan (Budget 2009), Canada's farmers continue to strive to develop innovative, high-quality food products for Canada's families and markets abroad, providing a strong economic foundation for many rural communities. Despite strong income gains in some sectors over the past few years, Canada's farm sector was not isolated from the recent economic downturn.

AAFC's operational priorities reflect the importance of competitiveness, innovation, environmental sustainability and proactive risk management to ensure the sector's long-term profitability. There is a need for continuous investment in scientific research, the development and adoption of leading-edge products and technologies, business skills, risk management and market intelligence to enable producers and enterprises to achieve a sustainable competitive advantage.

Domestic and international market demands for agricultural and agri-food products continue to evolve, and the Canadian sector must continually adapt and become more competitive and innovative to meet the challenges of a globalized market. In support of this, governments provide information to help the sector identify and respond to emerging trends ahead of Canada's competitors, as well as the tools necessary to encourage adaptation that enables the sector to achieve lower costs and penetrate higher-value markets. In addition, given the sector's heavy reliance on export markets, the Government works actively to ensure continued access to existing markets and to gain access to new ones. Finally, the Government will continue to work toward addressing market demands for assurances that governments and the sector are working to protect Canada's environmental resources.

Given that agriculture is a shared federal-provincial-territorial (FPT) jurisdiction, AAFC works in partnership with provincial and territorial governments. To this end, the department is currently working with provincial and territorial partners to implement the *Growing Forward* policy framework, which forms the basis for FPT cooperation in supporting the sector. *Growing Forward* includes a comprehensive suite of Business Risk Management (BRM) programs and a suite of non-BRM programs that focus on innovation, business development, environmental performance, regulatory issues, international markets, food safety, biosecurity, and traceability.

Building on *Growing Forward*, in 2010–11 AAFC will implement new and ongoing initiatives to help improve the overall competitiveness of the sector. Discussions have already begun with government partners on the next generation of agricultural policies that will succeed *Growing Forward*. AAFC, together with provincial and territorial governments, will continue a strategic review of BRM programming to ensure that the current suite of programs is achieving its objectives and also to guide work on future programs and policies beyond the *Growing Forward* framework. The Government will also continue to make significant investments in scientific research, which is a key component to ensuring continued innovation in the agricultural sector.

In addition, as the sector and Canada's economy move into recovery from the economic downturn, AAFC will continue to implement the important initiatives launched under Canada's Economic Action Plan. These initiatives, which include the Agricultural Flexibility Fund, the Slaughter Improvement Program, and the *Canadian Agricultural Loans Act*, will help the sector build towards the future.

In regards to Management Priorities, AAFC is committed to management excellence to deliver its programs and services and achieve its Strategic Outcomes efficiently and effectively.

Additional information on Operational and Management Priorities is provided in the following table.

| Operational Priorities | Type | Links to Strategic Outcomes | Description |
|---|---|---|---|
| Ensure current suite of Business Risk Management programs is achieving its objective through the BRM strategic review with Provinces and Territories | Previously committed to | SO 2 | As the key mechanism through which financial support is provided to the sector, BRM programs must be reviewed to ensure they best position the sector to be competitive while also ensuring producers are proactive in managing risks.<br><br>An FPT working group will focus on long-term policy direction for BRM programming. This process will include industry engagement, which will be important in developing improved policies and programs that will be presented to Ministers. The department will aim to implement identified improvements in the next policy framework. |
| Secure and enhance market access for Canadian agricultural and agri-food products | Ongoing | SO 2 | Intense global competition, an increasingly complex international marketplace, and numerous non-tariff barriers to trade have created a difficult business environment for Canadian farmers and food processors.<br><br>AAFC is developing partnerships across other government departments, including Industry Canada and Foreign Affairs and International Trade Canada, to encourage industry-led dialogue to develop and implement industry-led strategies for competitiveness and innovation, as well as identify barriers to achieving strategic outcomes.<br><br>To improve access to international markets, AAFC will provide timely market information and competitive intelligence that allow Canadian companies to respond to new market opportunities.<br><br>The department's new Market Access Secretariat, created in 2009, will support a higher level of co-ordination among all levels of government and industry to address urgent competitiveness issues and enhance market access capabilities.<br><br>AAFC, with support from the Canadian Food Inspection Agency and other federal departments, will strive to influence international rules and standards to ensure they do not constitute technical trade barriers for Canada's agriculture and agri-food industry.<br><br>AAFC will ensure Canada's international trade obligations are taken into account in domestic programs and policies affecting agriculture and agri-food. |

| Operational Priorities | Type | Links to Strategic Outcomes | Description |
|---|---|---|---|
| Support science and innovation, keys to the sector's competitiveness | Ongoing | SO 1<br>SO 2<br>SO 3 | Science generates knowledge on which the agriculture, agri-food and agri-based products sector can leverage innovation to enhance competitiveness and sustained profitability.<br><br>AAFC will continue to lead and participate in scientific discovery and innovations which will improve the competitiveness of the agriculture, agri-food and agri-based products sector and enhance the lives of Canadians. The department will specifically focus on:<br>• R&D that produces plants and animals that are adapted to changing environmental and societal conditions;<br>• production systems that are energy-, water- and carbon-neutral;<br>• more uniquely Canadian successes for worldwide adoption; and<br>• contributing solutions to enable the sector to be adaptive and agile.<br><br>AAFC provides scientific knowledge adapted to the Canadian context. The conduct of long-term, high-risk, transformational and applied research is fundamental to its mandate.<br><br>Innovation programming will help the agricultural, agri-food and agri-products sector build its capacity to engage in scientific research and develop the tools and technologies needed to foster enhanced competitiveness.<br><br>A multi-faceted approach involving federal and provincial governments, universities, producers, and the private sector is required to address effectively the complex issues facing the sector. No one player within the Canadian agri-innovation system has the capacity, resources, mandate, or perspective to do this alone. In this context, innovative and flexible models of cooperation must be developed. While AAFC will continue to be a major provider of science and innovation activities, it will also increasingly act as a catalyst within the system to bring together the knowledge and capacity of the entire agri-innovation system in a cohesive manner.<br><br>As it plays this catalyst role, AAFC will continue to enhance its management tools for science and innovation, ensuring that its strategic action plan and its human resources, communications and investment plans are fully developed. |
| Improve the sector's environmental performance in support of Canada's environmental agenda | Ongoing | SO 1<br>SO 2<br>SO 3 | Addressing key agri-environmental challenges not only contributes to a cleaner environment for Canadians, but also maintains or enhances profitability for producers. Two key agri-environmental challenges are climate change and water.<br><br>AAFC will support the sector in two key ways: through initiatives that enable sound environmental decisions including improving scientific understanding, developing and validating environmental and economic performance, and enhancing indicators and accounting systems; and with on-farm programs that identify environmental risks and opportunities and promote stewardship. |

| Management Priorities | Type | Links to Strategic Outcomes | Description |
|---|---|---|---|
| Management Excellence | Ongoing | SO 1<br>SO 2<br>SO 3 | Sound management practices, processes and systems, particularly in areas such as human resources and service delivery, are essential to AAFC's ability to deliver its programs and services and achieve its strategic outcomes efficiently and effectively. Following are highlights of key areas:<br><br>The Service Policy and Transformation Directorate will help implement AAFC's Service Excellence agenda and work to develop and adapt common business processes to better serve clients.<br><br>AAFC will further develop and implement people management strategies, through the department's 2009-2012 *Integrated Human Resources Plan*, to meet its business objectives in support of Government priorities. This Integrated Plan establishes the foundation for fostering a work environment that values professional excellence, diversity, linguistic duality, continuous learning, and mutual respect.<br><br>AAFC is developing a five-year Investment Plan (2010-2015) in accordance with Treasury Board's Policy on Investment Planning – Assets and Acquired Services. Effective investment planning ensures resources clearly support program outcomes and government priorities. |

AAFC's three-year *Integrated Human Resources Plan* is a key component of the department's integrated planning approach and is aimed at supporting departmental Strategic Outcomes and the priorities described above. The *Integrated Human Resources Plan* takes into account existing elements of the business planning process and corporate accountabilities for business delivery. It identifies the key human resources issues facing the department over the next three years and sets out strategies to address them. These key issues include:

- projected gaps due to retirement rates;
- shortages of skills and knowledge in key areas; and
- a workplace where the use of both official languages is encouraged and supported.

Strategies to achieve the department's goals in these areas include:

- an effective values-based staffing system that attracts, develops and retains employees at all levels;
- enhanced opportunities for career and skill development and continuous learning; and
- a more strategic investment of language training funds.

## Risk Analysis

Canada's agriculture, agri-food and agri-based product sector is an export-oriented industry that operates in a highly competitive environment. Changing world supply and demand conditions, which continue to impact global agriculture and food markets, pose significant challenges as well as opportunities for Canadian producers.

Although grains and oilseeds prices recently spiked upwards after years of low prices and declining stocks, the future path of commodity prices is uncertain due to volatility in variables such as the price of energy, cost of fertilizer and other inputs, weather and climatic conditions, and fluctuations in exchange rates. There is severe pressure on profit margins in Canada's red meat industry, particularly pork, which is facing challenges such as increased competition from other major exporters and reduced market access in key markets such as the U.S., the primary destination for Canada's agriculture and agri-food products. On the other hand, global demand, particularly for higher value food items, is being driven upward by increasing income and populations in emerging economies and developing countries. The evolving global food systems, including growth, restructuring and consolidation in retail supermarkets, food processors and supply chain networks, present both opportunities and new requirements leading to fundamental shifts in food demand and supply relationships worldwide.

In the years ahead, agriculture production will be sensitive to technological change that enhances yields, since future growth due to area expansion is estimated to be small. Successful agricultural nations will be those that make optimum use of their productive resource capacity and invest in new technologies and practices that reduce production risks. Technological advances in agriculture, such as precision farming and new crop varieties, can lead to lower production costs and increased productivity. Innovation and growth in productivity are also essential to maintaining competitiveness in food and beverage processing, a key market for Canadian primary agricultural products. Investments in public and private research and development will be required to maintain the cost competitiveness and productivity of Canada's agricultural, agri-food and agri-products industry.

Canada's agriculture, agri-food and agri-based product sector is dynamic and in a constant state of transition as it adapts to changing economic conditions and consumer preferences in an effort to remain competitive and profitable. To provide relevant and effective support, AAFC must be similarly adaptive. AAFC will need to transition to a revised funding base post Canada's Economic Action Plan.

AAFC is committed to putting in place the foundation for sound business practices where integrated risk and opportunity management is systematically and explicitly applied in the pursuit of strategic and operational objectives. Policy and program decisions are made based on the examination of the department's operating environment, strategic priorities, branch priorities, resource capacity, and existing or emerging key corporate risks. Ongoing assessment of potential risks and opportunities fosters an environment where risks and opportunities are not only identified, but they are managed and mitigated or pursued. Effective risk management helps AAFC's commitment to continuous improvement and learning, to foster innovation and risk management in support of the sector.

Risk management practices, tools and guides such as AAFC's *Corporate Risk Profile* and *Guide to Risk Management in Integrated Business Planning* contribute to a consistent approach to implementing integrated risk management. The AAFC *Corporate Risk Profile* is regularly updated and associated risk mitigation strategies are assessed to determine residual risk that could impact the achievement of the department's strategic outcomes. Departmental priority setting integrates the current the *Corporate Risk Profile* information.

The following chart provides an overview of the most significant risks and the corresponding mitigation strategies identified in AAFC's Corporate Risk Profile.

| Risk | Mitigation Strategies |
|---|---|
| **Catastrophic Crisis**<br>A large-scale event could present a severe risk to the sector and/or Canadians at large. | Mitigation strategies include:<br>• *Deputy Minister Directive and Policy on Emergency Management;*<br>• emergency response plans;<br>• business continuity plans;<br>• provincial outreach; and<br>• industry and departmental pandemic planning. |
| **Information Management**<br>Compromised information, information management or information systems could impact the department's ability to make effective policy and program decisions, and subsequently affect reporting. | Mitigation strategies include:<br>• providing advice and guidance to departmental employees related to Government of Canada directives on record keeping and on *Access to Information and Privacy*; and<br>• improving capture and alignment of management information for decision-making and reporting. |
| **Program Risk**<br>AAFC's highly complex programs and broad range of clients present risks for potential errors, or risks that management processes and tools are inadequate to provide sufficient program control frameworks. | Mitigation strategies include establishing the Centre of Program Excellence to systemically increase the department's risk management capacity through training, establishment and promulgation of best practices, centralization of shared programming with provinces, and independent recipient risk audit. In addition, the Service Transformation Directorate has been established to streamline, standardize and improve program delivery models and systems to enhance risk-based controls while improving the client experience. Specific initiatives include:<br>• utilizing automated systems to increase efficiency and accuracy;<br>• establishing clear roles, responsibilities and accountabilities;<br>• providing training and common program management tools;<br>• better understanding clients and their service needs and improving service delivery channels;<br>• enhancing internal communications, and continuous improvement of staff skills and service delivery capacities; and<br>• improving continuously through monitoring, quality assurance, and better tracking and reporting databases and systems. |

| Risk | Mitigation Strategies |
|---|---|
| **Infrastructure**<br>Aging infrastructure and assets could impair AAFC's significant moveable assets and physical infrastructure holdings, impeding achievement of strategic outcomes. | Mitigation strategies include:<br>• implementing a comprehensive integrated investment plan aligned with departmental priorities and applying project management practices to effectively manage, mitigate and guide resource allocation to priorities. |
| **People Work Environment**<br>AAFC's capacity to maintain a talented, principled and representative workforce in an environment that is fair, ethical, supportive and safe could impact on achievement of strategic outcomes. | Mitigation strategies include:<br>• implementing multi-year strategies in the areas of Staffing and Recruitment, Learning and Development, Employment Equity and Inclusiveness, and Official Languages; and<br>• improving human resources systems and services and reductions in the *web of rules*. |
| **System/Technology Sufficiency**<br>Evolving business priorities and processes may not be adequately supported if applications investments are not made in a strategic manner using modern application development tools. This could result in infrastructure failure or incapacity to integrate information to facilitate decision making. | Mitigation strategies include:<br>• continuing effective management practices and monitoring to support governance and decision making;<br>• identifying critical business services and implementing business continuity plans;<br>• developing and using standard application architecture, framework and tools designed to meet business requirements; and<br>• implementing department-wide standards and policies for the effective deployment of Information Technology (IT) solutions. |

## Expenditure Profile

AAFC departmental spending varies from year to year in response to the circumstances in the agriculture and agri-food industry in any given year. Programming within AAFC is in direct response to industry and economic factors which necessitate support to this vital part of the economy. Much of AAFC's programming is statutory (ie. for programs approved by Parliament through enabling legislation) and the associated payments fluctuate according to the demands and requirements of agriculture producers.

### Canada's Economic Action Plan

AAFC's spending plans have been augmented through initiatives under Canada's Economic Action Plan (CEAP) that recognize agriculture and agri-food as a vital sector of the Canadian economy. Key investments are also being made to help Canadian farmers maximize market opportunities and derive benefits as soon as possible, on the understanding that they have an important role in helping Canada recover from the global recession.

Progress has been achieved on the CEAP initiatives in support of Canada's farm and agricultural businesses as the Government continues to make funding available to the sector. In implementing these investments, AAFC has ensured that they are complementary and integrated with *Growing Forward* programs.

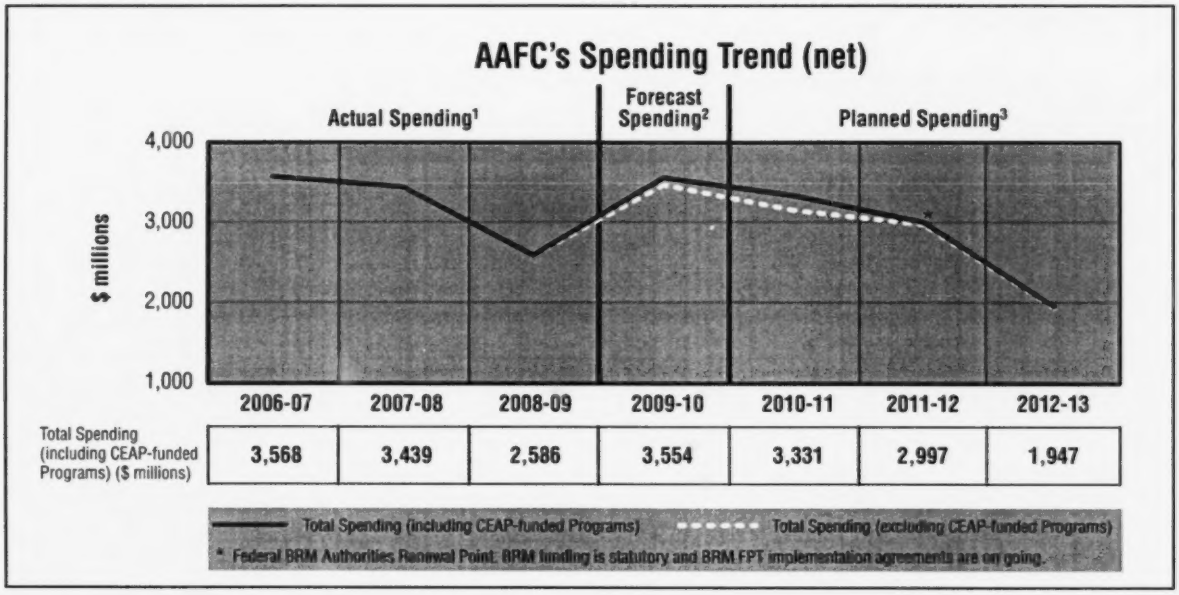
Under CEAP, there are four initiatives specific to agriculture and agri-food. The *Canadian Agricultural Loans Act* program guarantees an estimated $1 billion in loans over the next five years to help Canadian farm families and cooperatives obtain the credit they need in light of tighter global credit markets. AAFC is working with farmers, industry, and provincial and territorial governments to continue to implement the Agricultural Flexibility Fund to deliver $500 million, over five years, to help the sector adapt to pressures and improve its competitiveness. The Slaughter Improvement Program is a three-year, $50 million initiative that supports investments and improves operations in meat slaughter and processing plants. Finally, the transfer of responsibility for delivering the AgriStability program to interested provinces will allow for integration and alignment with business risk management programs that are delivered by provinces and the streamlining of services to producers.

AAFC is also participating in two government-wide CEAP initiatives. Under the Modernizing Federal Laboratories program to build infrastructure, $25.9 million will be invested to update eight departmental laboratories across the country. Moreover, with additional funding under CEAP's *Accelerating Federal Contaminated Sites Action Plan*, AAFC will address priority sites more quickly, benefiting the environment and providing employment opportunities throughout the country.

More detailed information regarding CEAP initiatives can be found in Section II.

## Departmental Spending Trend

The figure below illustrates AAFC's spending trend from 2006-2007 to 2012-2013, including CEAP initiatives.




**Notes:**

1. Actual spending represents the actual expenditures incurred during the respective fiscal year, as reported in Public Accounts.
2. Forecast spending reflects the authorized funding levels to the end of the fiscal year (not necessarily forecast expenditures).
3. Planned spending reflects funds already brought into the department's reference levels as well as amounts to be authorized through the Estimates process as presented in the Annual Reference Level Update. It also includes adjustments in future years for funding approved in the government fiscal plan, but yet to be brought into the department's reference levels. Planned spending has not been adjusted to include new information contained in Budget 2010. More information will be provided in the 2010-11 Supplementary Estimates.

Over the period 2006-07 to 2012-13, actual and planned spending varies between $3.6 billion in 2006-07 and $1.9 billion currently planned for 2012-13. This variability is the result of a number of factors outlined below.

AAFC's overall spending in 2006-07 was relatively higher than other years primarily as a result of a significant new funding commitment in the 2006 Federal Budget which announced $1.5 billion to support a more prosperous future for farmers. This included funding for ongoing programs (developed on a five-year basis) as well as one-time spending of $1 billion to assist in the transition to more effective farm income stabilization programming.

For 2007-08, spending included Budget 2007 funding of $1 billion for the Cost of Production and AgriInvest Kickstart programs (one-year programs). Following the delivery of these one-year programs for 2007-08, spending for 2008-09 returned to levels required to support the industry. In addition, there was a reduction in the requirement for Business Risk Management programming in 2008-09 as a result of a strong rise in crop receipts, mainly in the grains and oilseeds sector, for 2008 over 2007.

The increase in forecast spending in 2009-10 is largely the result of funding provided to the pork industry to support an orderly transition of this sector in view of new market challenges. In addition, BRM spending is forecasted to increase above 2008-09 levels. Also reflected in forecast spending for 2009-10, and in planned spending for 2010-11 and future years, are investments under Canada's Economic Action Plan to assist in the recovery from the global economic recession.

The decrease in planned spending from 2010-11 to 2011-12 is due primarily to the fact that 2010-11 planned spending includes funding that was carried over from previous years. Furthermore, program authorities for the Pork Industry Initiative and the authorities for emergency advances for livestock under the Advance Payments Program are currently set to expire at the end of 2010-11.

The further reduction in planned spending from 2011-12 to 2012-13 reflects the federal authorities renewal point associated with the current suite of statutory BRM programs. BRM funding is statutory and BRM FPT implementation agreements are ongoing. AAFC, in consultation with provinces and territories, continues to work on the strategic review of the BRM suite of programs and the development of an industry engagement strategy, which will guide the next phase of BRM programming to meet evolving needs.

# Voted and Statutory Items

**($ millions)**

| Vote or Statutory Item (S) | Truncated Vote or Statutory Wording | Main Estimates 2009-10 | Main Estimates 2010-11 |
|---|---|---|---|
| 1 | Operating Expenditures | 657.9 | 742.4 |
| 5 | Capital Expenditures | 34.0 | 50.0 |
| 10 | Grants and Contributions | 417.0 | 551.2 |
| 15 | Pursuant to Section 29 of the *Financial Administration Act*, to authorize the Minister of Agriculture and Agri-Food, on behalf of Her Majesty in right of Canada, in accordance with terms and conditions approved by the Minister of Finance, to guarantee payments of amounts not exceeding, at any time, in aggregate, the sum of $140,000,000 payable in respect of Line of Credit Agreements to be entered into by the Farm Credit Canada for the purpose of the renewed (2003) National Biomass Ethanol Program | 0.0 | 0.0 |
| 20 | Canadian Pari-Mutuel Agency | - | 0.3 |
| (S) | Contribution Payments for the AgriStability Program | 369.2 | 500.0 |
| (S) | Contributions Payments for the AgriInsurance Program | 440.6 | 452.0 |
| (S) | Payments in connection with the *Agricultural Marketing Programs Act* | 165.0 | 184.0 |
| (S) | Grant Payments for the AgriInvest Program | 139.4 | 155.8 |
| (S) | Grant Payments for the AgriStability Program | 225.1 | 95.3 |
| (S) | Grant Payments for the Agricultural Disaster Relief Program / AgriRecovery | 54.2 | 54.2 |
| (S) | Contribution Payments for the Agricultural Disaster Relief Program / AgriRecovery | 54.2 | 54.2 |
| (S) | Contributions in support of the Assistance to the Pork Industry Initiative | - | 39.1 |
| (S) | Contribution Payments for the AgriInvest Program | 20.1 | 19.0 |
| (S) | Canadian Cattlemen's Association Legacy Fund | 5.0 | 5.0 |
| (S) | Loan guarantees under the *Canadian Agricultural Loans Act* | - | 4.0 |
| (S) | Grants to agencies established under the *Farm Products Agencies Act* | 0.2 | 0.2 |
| (S) | Contributions to employee benefit plans | 63.7 | 83.3 |
| (S) | Minister of Agriculture and Agri-Food – Salary and motor car allowance | 0.1 | 0.1 |
| (S) | Canadian Pari-Mutuel Agency Revolving Fund | (0.0) | - |
| Appropriations not required | | | |
| - | Pursuant to Section 29 of the *Financial Administration Act*, to authorize the Minister of Agriculture and Agri-Food, on behalf of Her Majesty in right of Canada, in accordance with terms and conditions approved by the Minister of Finance, to guarantee payments of an amount not exceeding, at any one time, in aggregate, the sum of $1,500,000,000 payable in respect of cash advances provided by producer organizations, the Canadian Wheat Board and other lenders under the Spring Credit Advance Program and $1,500,000,000 payable in respect of cash advances provided by producer organizations, the Canadian Wheat Board and other lenders under the Enhanced Spring Credit Advance Program. | 0.0 | - |
| - | Loan guarantees under the *Farm Improvement and Marketing Cooperatives Loans Act* | 4.0 | - |
| **Total Department** | | **2,649.6** | **2,990.1** |

The Main Estimates for 2010-11 are $2,990.1 million compared to $2,649.6 million for 2009-10, an increase of $340.5 million. The increase is mainly attributable to funding for the Agricultural Flexibility Fund, increased funding in support of the BRM Suite of Programs, and funding for the assistance to the Pork Industry Initiative, offset by reductions due to the 2008 Strategic Review exercise.

The figures have been rounded. Figures that cannot be listed in millions of dollars are shown as 0.0. Due to rounding, figures may not add to the totals shown.

Section II

# Analysis of Program Activities by Strategic Outcome

This section describes AAFC's Strategic Outcomes and Program Activities, and identifies the Expected Results, Performance Indicators and Targets for each of them. The section also explains how the department plans on meeting the Expected Results and presents the financial and non-financial resources that will be dedicated to each Program Activity.

## Strategic Outcome 1: An environmentally sustainable agriculture, agri-food and agri-based products sector

AAFC supports an economically and environmentally sustainable agriculture, agri-food and agri-based products sector that ensures proper management of available natural resources and adaptability to changing environmental conditions. Addressing key environmental challenges in Canada including agriculture's impact on water quality and water use, adaptation to the impact of climate change, mitigation of agriculture's greenhouse gas emissions and the exploration of new economic opportunities will contribute to a cleaner environment and healthier living conditions for the Canadian public, while enabling the sector to become more profitable.

This Strategic Outcome comprises the following Program Activities, which are described in the subsequent discussion of Expected Results, Planning Highlights and Benefits to Canadians.

| Program Activities | 1.1 Environmental Knowledge, Technology, Information and Measurement | 1.2 On-Farm Action |
|---|---|---|

### Program Activity 1.1: Environmental Knowledge, Technology, Information and Measurement

#### Program Activity Summary

AAFC is focused on supporting the sector through initiatives that enable it to use a more systematic management approach to making decisions with respect to environmental risks and help identify suitable corrective actions. The department is conducting basic and applied research to improve scientific understanding of agriculture's interactions with the environment on the key environmental challenges facing Canada and its regions; developing sustainable agricultural practices and validating environmental and economic performance at the farm level; and developing, enhancing and using agri-environmental indicators, greenhouse gas accounting systems and economic indicators to assess the sector's environmental and economic sustainability. This program provides the platform for innovation and discovery of technologies and strategies which are used as the basis for application by the sector to improve its agri-environmental performance.

| Environmental Knowledge, Technology, Information and Measurement | | | | | |
|---|---|---|---|---|---|
| Planned Spending (net) and Human Resources (FTEs) | | | | | |
| 2010-11 | | 2011-12 | | 2012-13 | |
| $59.6 M | 692 FTEs | $59.8 M | 692 FTEs | $57.1 M | 692 FTEs |

| Expected Results | Performance Indicators | Targets |
|---|---|---|
| Agriculture and agri-food sector makes decisions that incorporate sound environmental practices | Percentage of decisions made by the agriculture and agri-food sector that integrate or include environmental considerations | 1. Establish baseline value by March 31, 2011<br>2. Determine increase in availability by March 31, 2013 |

## Planning Highlights

AAFC will work towards achieving the science priorities described in the department's *Science and Innovation Strategy* aimed at improving scientific understanding of agriculture's interactions with the key national and regional environmental challenges. With increased understanding, it will be possible to develop technologies and strategies that increase agriculture's positive impacts on the environment while minimizing potential negative impacts. These technologies and strategies will also contribute to the sector's competitiveness and adaptation. For additional information on the broader *Science and Innovation Strategy*, please refer to the planning highlights for Program Activity 3.1 on Science, Innovation and Adoption further in this document.

The department will continue to support sound agri-environmental decision-making by: (1) developing tools and beneficial management practices that support sustainable land management decisions; and (2) developing and enhancing agri-environmental indicators, greenhouse gas accounting systems and economic indicators to assess the sector's environmental and economic sustainability.

AAFC has been active in the development of the Global Research Alliance on Agricultural Greenhouse Gases (GHG), which is an international network to coordinate and increase agricultural research that will deliver practical benefits for both farmers and the environment, both domestically and abroad. The department will lead Canada's involvement as a founding member, focussing on beneficial management practices that mitigate GHG emissions, for example, by storing carbon in soils, and promoting synergies between mitigation and adaptation efforts. AAFC's contribution to the alliance will also help develop science-based policies and programs that address the implications of climate change for agriculture, and ultimately promote the economic and environmental sustainability of agriculture.

## Benefits for Canadians

AAFC will contribute to a cleaner and healthier environment for all Canadians, recognizing that environmentally responsible agriculture and competitive agriculture are inextricably linked. The agriculture and agri-food sector will be better able to manage resources in an efficient and sustainable manner through improved understanding of agriculture's impact on water quality and ongoing water requirements. Scientifically verified environmental stewardship practices will be developed that also maximize related economic opportunities in a sustainable manner.

Further, the sector will have enhanced access to knowledge and the opportunity to develop expertise to support the sustainable use of agricultural land and water resources.

# Program Activity 1.2: On-Farm Action

## Program Activity Summary

AAFC supports farmers through direct on-farm programming that identifies environmental risks and opportunities and promotes the continuous growth of the stewardship ethic within the agriculture and agri-food sector.

The department supports farmers through agri-environmental risk assessment and planning; providing expertise, information and incentives to increase the adoption of sustainable agriculture practices at the farm level; investigating and developing new approaches that encourage and support the adoption of sustainable agriculture practices; and increasing the recognition of the value of sustainable agriculture practices.

This Program Activity supports environmental stewardship and helps reduce the sector's overall impact on the environment. It contributes to a cleaner environment and healthier living conditions for Canadian people, and a more profitable agriculture sector.

| On-Farm Action | | | | | |
|---|---|---|---|---|---|
| **Planned Spending (net) and Human Resources (FTEs)** | | | | | |
| 2010-11 | | 2011-12 | | 2012-13 | |
| $152.5 M | 384 FTEs | $147.2 M | 384 FTEs | $138.7 M | 384 FTEs |

| Expected Results | Performance Indicators | Targets |
|---|---|---|
| Improved agri-environmental risk assessment and planning by agricultural producers | Increase in levels of Beneficial Management Practices (BMP) adoption addressing priorities across Canada | 10 per cent increase from previous program baselines by March 31, 2013 |

## Planning Highlights

To enhance the sustainability of the sector, AAFC will continue to invest in on-farm actions aimed at: supporting agri-environmental risk assessment and planning; providing expertise, information and incentives to increase *Beneficial Management Practices* at the farm level; and investigating and developing new approaches to sustainable agriculture practices.

AAFC will also continue to promote an integrated approach in the development and delivery of expertise, information and services across all regions of Canada. In partnership with provinces, local land-use planners, conservation authorities, and others, investment in on-farm actions will promote the effectiveness, efficiencies and economic benefits of sustainable agricultural practices.

## Benefits for Canadians

Canadian farmers have demonstrated through their actions that they care for the environment. Through this Program Activity, AAFC will continue to support them in contributing to a cleaner environment for Canadians and a more profitable sector.

Through direct on-farm programming and incentives, agri-environmental risk assessment and planning by agricultural producers is enhanced, the environmental stewardship ethic is supported, and the sector's overall impact on the environment is reduced.

# Strategic Outcome 2: A competitive agriculture, agri-food and agri-based products sector that proactively manages risk

Canada's capacity to produce, process and distribute safe, healthy, high-quality, and viable agriculture, agri-food and agri-based products is dependent on its ability to proactively manage and minimize risks and to expand domestic and global markets by meeting and exceeding consumer demands and expectations. Proactive risk management and an improved regulatory environment will contribute directly to the economic stability and prosperity of Canadian farmers and provide greater security for the Canadian public.

This strategic outcome comprises the following program activities, which are described in the subsequent discussion of expected results, plans and benefits to Canadians.

| Program Activities | 2.1 Business Risk Management | 2.2 Food Safety and Biosecurity Risk Management Systems | 2.3 Trade and Market Development | 2.4 Regulatory Efficiency Facilitation | 2.5 Farm Products Council of Canada |
|---|---|---|---|---|---|

## Program Activity 2.1: Business Risk Management

### Program Activity Summary

AAFC, in partnership with the provinces and territories, has a comprehensive suite of BRM programs to better equip producers with the tools and capacity to manage business risks. These programs consist of coverage for small income declines through AgriInvest, margin-based support for larger income losses through AgriStability, rapid assistance to producers through the disaster relief framework AgriRecovery, and protection against production losses due to uncontrollable natural hazards through AgriInsurance.

In addition, the department provides assistance to producers through several financial guarantee programs. For instance, the Advance Payments Program facilitates the marketing of producers' crops when market conditions and prices may be more favourable.

| Business Risk Management | | | | | |
|---|---|---|---|---|---|
| Planned Spending (net) and Human Resources (FTEs) | | | | | |
| 2010-11 | | 2011-12 | | 2012-13 | |
| $1,996.2 M | 549 FTEs | $1,873.6 M | 549 FTEs | $843.6 M | 549 FTEs |

| Expected Results | Performance Indicators | Targets |
|---|---|---|
| Producers' income losses are reduced | Current year producers' net market income (NMI) plus BRM payments compared to the previous five-year average NMI plus BRM payments for the sector | 85 per cent of the previous five-year average NMI plus BRM payments by March 31, 2011 |

## Planning Highlights

AAFC, together with provincial and territorial governments, will continue delivering the BRM suite of programs under the *Growing Forward* policy framework. The department also continues to improve its ability to deliver, monitor and report on the performance of these programs. The aim of the BRM suite of programs is to reduce producers' income losses resulting from factors beyond their control.

The department continues to work to design and improve programs based on stakeholder input, by working with provincial and territorial governments, and consulting with industry. For example, the National Program Advisory Committee, which includes producer representatives from various regions and commodities, was established to provide governments with advice on the delivery of AgriStability and AgriInvest.

Government officials are also developing options to meet the commitment to expand the AgriInsurance program (www.agr.gc.ca/agriinsurance). AgriInsurance provides farmers with affordable protection against production losses due to uncontrollable natural hazards.

AAFC is committed to ensuring that the BRM programs are delivered in a manner that responds to provincial and territorial partners' preferences. To this end, federal officials are working with British Columbia and Saskatchewan to complete the efficient transfer of delivery of the AgriStability program (www.agr.gc.ca/agristability) to these provinces. The transfer began in January 2010. Once this process is complete, the program will be delivered provincially in British Columbia, Alberta, Saskatchewan, Ontario, Quebec, and Prince Edward Island and federally for producers in Manitoba, New Brunswick, Nova Scotia, Newfoundland and Labrador, and the Yukon. AgriStability provides coverage to stabilize producers' incomes against large losses due to reasons beyond their control.

The department is also working with financial institutions in all provinces except Quebec to launch AgriInvest (www.agr.gc.ca/agriinvest) accounts at banks and credit unions in the summer of 2010, in time for the 2009 AgriInvest program. In the meantime, AAFC will continue to hold the AgriInvest accounts. In Quebec, La Financière agricole administers AgriInvest and will continue to hold program accounts for producers in that province. AgriInvest allows producers to deposit up to 1.5 per cent of their allowable net sales into a program account and receive a matching government contribution, which is cost-shared 60:40 between the Government of Canada and provincial and territorial governments. Producers are free to use the funds accumulated in their accounts to cover small income losses or for investments to improve their farm revenue. Financial institutions' involvement is expected to improve client services by increasing participants' access to their accounts.

Federal officials will, through the AgriRecovery Framework (www.agr.gc.ca/agrirecovery), work with the provinces and industry on a case-by-case basis to appropriately respond to disasters affecting producers. The Framework is another part of the BRM suite of programs. Initiatives developed under the Framework allow producers impacted by disasters to quickly resume business operations and/or mitigate the impacts of a disaster.

In addition, AAFC will compensate hog producers through the Hog Transition Program that cease production for at least three years, to assist the hog sector with an orderly transition in view of new market realities. Through federal loan guarantees, AAFC will assist the sector to become more competitive and sustainable by providing additional long-term credit to hog producers through the Hog Industry Loan Loss Reserve Program (www.agr.gc.ca/hillrp).

Under Canada's Economic Action Plan, AAFC has introduced the *Canadian Agricultural Loans Act* (CALA) to give farmers easier access to credit. The CALA program builds on and replaces the previous *Farm Improvement and Marketing Co-operative Loans Act*. Details on the CALA program are described further under the CEAP discussion that follows in this RPP document.

Together with provinces and territories, the department continues to work on a strategic review of the BRM suite of programs to ensure that it meets, and will continue to meet, producers' evolving needs. Analysis has already been undertaken to understand how effectively the current suite of BRM programs meets its objectives and to identify emerging trends that may affect future programs and policies. The strategic review will be important in guiding work towards the next phase of BRM programming beyond the current five-year *Growing Forward* policy framework.

### Benefits for Canadians

The objectives of BRM programs under *Growing Forward* are broader than similar programs in the past and more effectively take into account the full range of risks facing producers. BRM programs will support producers in continuing to provide quality and affordable food upon which Canadians rely. By effectively managing risks, producers will be able to focus on seeking out new opportunities to produce safe and innovative food and non-food products for consumers at home and around the world.

## Program Activity 2.2: Food Safety and Biosecurity Risk Management Systems

### Program Activity Summary

AAFC supports producers and organizations, and collaborates with provinces, in the development and implementation of food safety, biosecurity and traceability risk management systems to prevent and control risks to the animal and plant resource base thus strengthening the sector against widespread diseases and losses in domestic and foreign markets.

The risk management systems are national, government-recognized on-farm and/or post-farm Hazard Analysis of Critical Control Points (HACCP) or HACCP-based food safety systems, National Biosecurity Systems and a National Agriculture and Food Traceability System. These systems also support management activities to limit the spread of animal and plant diseases, thereby reducing economic, environmental and social impacts of a potential crisis. The *National Animal and Plant Biosecurity Strategy* provides overall policy direction ensuring efforts are targeted at the highest possible biosecurity risks.

Eligible recipients include national or regional non-profit organizations, producers and industry stakeholders.

| Food Safety and Biosecurity Risk Management Systems | | | | | |
|---|---|---|---|---|---|
| Planned Spending (net) and Human Resources (FTEs) | | | | | |
| 2010-11 | | 2011-12* | | 2012-13 | |
| $154.8 M | 349 FTEs | $97.8 M | 349 FTEs | $90.0 M | 349 FTEs |

* There is a decrease in planned spending in 2011-12 mainly due to the sunsetting in 2010-11 of the program to Control Diseases in the Hog Industry and the current Plum Pox Eradication program.

| Expected Results | Performance Indicators | Targets |
|---|---|---|
| Increased safety of the food system which contributes to greater market access for Canadian agricultural products | Percentage of producers reporting adoption of food safety practices | 1. 55 per cent by March 31, 2010 from current levels of 47 per cent<br>2. TBD by March 31, 2012<br>(A proposed second survey in 2011 will provide results by March 31, 2012. Targets will be established based on the first survey results and after the inclusion of voluntary questions regarding food safety are confirmed.) |

## Planning Highlights

AAFC will provide support for the development of farm-level national biosecurity standards. Through a memorandum of understanding with AAFC, these standards will be developed by the Canadian Food Inspection Agency with input from national commodity groups, provinces and territories, and stakeholders.

As outlined in its *Science and Innovation Strategy*, AAFC will conduct research to enhance knowledge and understanding of the causal agents of potential and emerging threats to the security of the Canadian food production and distribution systems and the behaviour of these agents along the food chain. The department will also develop strategies and practices to detect, monitor and control hazards throughout the food chain and to reduce health risks based on integrated knowledge of production and processing systems with respect to biological and chemical hazards.

Under the *Growing Forward* policy framework, AAFC will collaborate with university and industry partners to develop on-farm technologies in support of long-term animal and plant health protection, as well as risk-mitigation strategies.

The department will provide financial incentives to national organizations to develop national on-farm and post-farm food safety systems and practices. This *Growing Forward* initiative supports these organizations in developing food safety practices such as on-farm and post-farm HACCP based systems, ISO 22000, or *Good Manufacturing Practices*. These initiatives establish basic principles of operation to be followed to produce consistent and safe food. This will help with the early adoption of these government-recognized systems by producers and non-federally registered food-processing enterprises.

AAFC will also work with its partners to accelerate the National Agriculture and Food Traceability System, now being developed by industry and governments, to ensure a national, integrated approach. In 2009, governments agreed to work toward a national mandatory traceability system, starting with livestock by 2011. A new legislative and regulatory framework will be developed and the business requirements will be identified for a national information sharing solution. This will provide access to the traceability information collection systems put in place by the industry organizations with the financial support of governments. AAFC will support CFIA under the *Growing Forward Framework* to achieve this regulatory change.

## Benefits for Canadians

Government-recognized and science-based food safety, biosecurity and traceability practices, tools and systems at the farm and agri-business levels will help to prevent the spread of animal and plant diseases. This will reduce costs associated with responses to disease outbreaks, help continue and enhance market access, and allow the sector to better respond to increasing demands for assurances of food safety. In turn, this will strengthen domestic and international consumers' confidence in Canada as a source for safe products.

# Program Activity 2.3: Trade and Market Development

## Program Activity Summary

AAFC acts as Canada's agricultural trade advocate, working to break down trade barriers at home and abroad and expand opportunities for the agriculture, agri-food and agri-based products sector.

The department assists the sector in identifying new domestic and global opportunities, markets and ways to enhance productivity, competitiveness and prosperity. AAFC also works to distinguish Canadian products under *Canada Brand International* and the *Domestic Branding Strategy* to expand and deepen the sector's strengths in the marketplace.

| Trade and Market Development | | | | | |
|---|---|---|---|---|---|
| **Planned Spending (net) and Human Resources (FTEs)** | | | | | |
| 2010-11 | | 2011-12 | | 2012-13 | |
| $116.3 M | 378 FTEs | $116.6 M | 378 FTEs | $117.2 M | 378 FTEs |

| Expected Results | Performance Indicators | Targets |
|---|---|---|
| A competitive sector that has the necessary attributes to strategically position itself to take advantage of new market opportunities, and/or to reposition itself to protect against changing market risks | Growth in total exports of agriculture and food (1997 dollars) | Reach a level of exports of $40 billion by March 31, 2013 |

## Planning Highlights

In 2010-11 and beyond, AAFC will focus on transforming the strengths of Canada's agriculture and food sector into success in domestic and global markets by helping it anticipate and manage risks inherent in trading agri-food products in foreign markets.

Value Chain Roundtables (VCRTs) are industry-led forums that encourage producers and other stakeholders across the respective value chains to develop and take advantage of new opportunities, as well as foster industry-government collaboration on industry-defined strategies. Through the VCRTs, AAFC will continue to provide expertise and advice, as well as manage cross-sectoral issues. AAFC's involvement in the VCRTs also helps the department gather information and feedback, supporting the lead role it plays in building and implementing a shared strategic vision for the industry.

To enhance the Canadian agriculture and agri-food (including fish and seafood) sector's marketing capacity, AAFC will provide targeted market intelligence and specialized agriculture and food trade commissioners in key markets. Also, through the AgriMarketing Program, funding will be available for industry to develop and implement *Long-Term International Strategies*, bringing greater cohesion to individual associations' marketing efforts to brand Canadian food and agriculture in international markets.

AAFC's Canada Brand initiative will build on the foundation of food safety, animal and plant health, traceability and environmental protection and provide tools for industry to leverage this foundation in support of industry marketing efforts, both internationally and in Canada. The new branding initiative will incorporate a new advocacy component, which will be used to target consumers in foreign markets where trade or other barriers present particular challenges to industry export objectives.

In addition, the Market Access Secretariat (MAS), which was established in 2009, will help co-ordinate government initiatives with producers and industry to aggressively and strategically go after new markets and keep pace with international competitors. MAS will stay in the forefront of market access challenges and opportunities. It will provide an increased capacity to respond rapidly in dealing with urgencies, including support to high-level missions and market access initiatives.

The department will lead agriculture trade negotiations at the World Trade Organization (WTO) and in the context of bilateral trade negotiations, notably with the European Union, to advance Canada's agricultural interests, by working towards rules that foster this country's competitiveness, create new export opportunities and protect the supply managed sectors. It will also advocate science-based and transparent regulatory systems, standards and processes, especially for novel products. AAFC will strive to ensure that Canada's international trade obligations are taken into account in domestic programs and policies to minimize risk of trade actions.

The *Emergency Management Act* requires that all Ministers put in place emergency management plans for their areas of responsibility. In 2010-11, AAFC will collaborate with its federal, provincial and industry partners to consider lessons learned during the 2009-10 H1N1 influenza pandemic and the 2010 Winter Olympic Games, with a view to improving AAFC's readiness to respond to events affecting the agri-food sector.

### Benefits for Canadians

Exporting is extremely important to the profitability of the agriculture and food sector. In 2008, Canada was the fourth largest exporter of agriculture and agri-food products (including seafood) in the world and shipped products to 196 different countries. Increasing exports will also lead to more jobs throughout the value chains, and especially in processing and distribution.

Canada has a fundamental interest in expanding market access opportunities and in strengthening international rules governing agricultural trade to achieve a more level playing field for its producers and processors.

## Program Activity 2.4: Regulatory Efficiency Facilitation

### Program Activity Summary

AAFC is undertaking initiatives to ensure that the regulatory environment promotes sector innovation, investment and competitiveness, while protecting the health of Canadians and the safety and security of our food supply. The department recognizes that with the rapid pace of technological advancement and emerging gaps between international and domestic regulatory policies, Canada's regulatory environment will need to increase capacities and accelerate modernization to be responsive. Initiatives under this Program Activity involve working with stakeholders along the value chain to enhance their ability to fulfill regulatory requirements, and collaborating with federal partners and industry to find ways of streamlining the regulatory burden through targeted actions on sector priorities, while at the same time maintaining the integrity of Canada's strong regulatory system. Improving the timeliness and transparency of science-based regulatory decision-making will also contribute to improved public and stakeholder confidence.

| Regulatory Efficiency Facilitation | | | | | |
|---|---|---|---|---|---|
| Planned Spending (net) and Human Resources (FTEs) | | | | | |
| 2010-11 | | 2011-12 | | 2012-13 | |
| $35.9 M | 61 FTEs | $35.8 M | 61 FTEs | $36.0 M | 61 FTEs |

| Expected Results | Performance Indicators | Targets |
|---|---|---|
| An enhanced regulatory environment which promotes sector innovation, investment and competitiveness | Comparative parity for prioritized pesticides, health claims, novel foods, and ingredients | 10 by March 31, 2013 |

## Planning Highlights

In keeping with the principles of the Government of Canada's *Cabinet Directive on Streamlining Regulation*, AAFC will strive to improve the ability of the agriculture and agri-food sector to work within the regulatory system, and enhance the capacity of regulating bodies to respond to sector needs. Priorities include: minor use pesticides and pesticide risk reduction; veterinary drugs; health claims, novel foods, and ingredients; and voluntary food fortification.

Under the *Growing Forward* Regulatory Action Plan (www.agr.gc.ca/regulatory-actionplan), AAFC is helping industry understand and follow regulatory processes and requirements, including responding to scientific data requirements. Under the Plan, Health Canada is increasing its capacity to streamline regulatory processes and improve submission review times. In addition, Health Canada is being better positioned to develop policy and regulatory frameworks to address the sector's priorities while maintaining health and safety standards. AAFC and Health Canada will each continue to report on the performance of these joint initiatives through their Departmental Performance Reports.

AAFC will continue to work with stakeholders to identify minor use pesticide solutions for pest problems and to develop strategies and associated action plans to reduce the risk of pesticides to human health and the environment. The department will generate data on pesticide efficacy and residue, and crop tolerance to pesticides, as well as prepare submissions for new minor uses. This includes providing support to growers to establish national pest management priority projects, new minor uses of pesticides available to producers through a dedicated review process, improved pesticide resistance management, and improved access to reduced-risk tools, technologies and practices.

The department will continue to provide analysis and advice on domestic food regulatory issues that impact innovation and competitiveness in foods with health benefits. This includes helping stakeholders determine plans and priorities with respect to health claims, novel foods, and ingredients based on market opportunities. AAFC will work with industry and the research community to develop awareness of the regulatory environment, establish science partnerships, and conduct research to address knowledge gaps to establish health-claim validity and novel-ingredient safety. The department will also help stakeholders to complete substantiated regulatory submissions.

### Benefits for Canadians

AAFC's work will improve crop protection practices and provide access to new reduced-risk technologies, tools, and practices and minor uses of pest control products. This will lead to competitive parity of Canada's agriculture and agri-food sector, prevention of trade barriers with countries where these products are already available, and reduced risk to the environment and Canadians.

The department's activities related to health claims, novel foods and ingredients will assist the sector to navigate the regulatory system leading to new, innovative and safe food products with a focus on health benefits.

## Program Activity 2.5: Farm Products Council of Canada

### Program Activity Summary

Established through the *Farm Products Agencies Act*, the Farm Products Council of Canada (FPCC), formerly known as the National Farm Products Council, is a quasi-judicial agency reporting to Parliament through the Minister of Agriculture and Agri-Food. The Act provides for the creation of national marketing and promotion research agencies. The FPCC supervises these agencies and works with them to ensure that the supply management system for poultry and eggs and the check-off system for beef cattle work in the balanced interest of all stakeholders, from producers to consumers. The FPCC is also an active proponent of portfolio management by providing advice to the Minister and maintaining relationships with provincial governments.

| Farm Products Council of Canada | | | | | |
|---|---|---|---|---|---|
| **Planned Spending (net) and Human Resources (FTEs)** | | | | | |
| 2010-11 | | 2011-12 | | 2012-13 | |
| $2.8 M | 26 FTEs | $2.8 M | 26 FTEs | $2.8 M | 26 FTEs |

| Expected Results | Performance Indicators | Targets |
|---|---|---|
| The supply management system for poultry and eggs as well as check-off system for beef cattle works in the balanced interests of all stakeholders, from producers to consumers | Percentage Market Share: Producers maintain their relative share of the Canadian market for broiler hatching eggs and chicks, chicken, table eggs, and turkey | Relative market share remains above 80 per cent throughout 2010-11 |
| | Variations in consumer price indices for the regulated products are consistent with those of other unregulated agricultural products | Consumer price indices variations for regulated agricultural products throughout 2010-11 remain within plus or minus 10 percentage points of those of unregulated agricultural products throughout the same period |

## Planning Highlights

The FPCC will continue to supervise the Canadian Beef Cattle Research Market Development and Promotion Agency, Canadian Hatching Egg Producers, Chicken Farmers of Canada, Egg Farmers of Canada and Turkey Farmers of Canada.

In line with its *2009-2012 Strategic Plan*, the FPCC will help producers maintain domestic market shares and proactively manage risk. To do so, the FPCC will focus on: its governance and decision-making process; knowledge base and capacity to influence solutions; interactions with industry and provincial government stakeholders; dispute-resolution mechanisms within the supply management system for poultry and eggs; and provide information on promotion research agencies.

For more information, visit www.fpcc-cpac.gc.ca/index.php?option=com_content&task=view&id=140.

## Benefits for Canadians

The supply management system was established in response to price volatility and revenue uncertainty faced by agricultural producers. The FPCC supervises national marketing agencies, which are not subject to the *Competition Act*, and provides checks and balances to ensure that the supply management systems for poultry and eggs and the check-off system for beef cattle work in the balanced interest of all Canadian stakeholders, from producers to consumers, who can rely on the consistent supply of quality products.

For more information, visit http://www.fpcc-cpac.gc.ca.

# Strategic Outcome 3: An innovative agriculture, agri-food and agri-based products sector

Sector innovation includes the development and commercialization of value-added agricultural-based products, knowledge-based production systems, processes and technologies, and equipping the sector with improved business and management skills and strategies to capture opportunities and to manage change. Innovation is vital for ongoing growth and improvement in the productivity, profitability, competitiveness and sustainability of Canada's agriculture, agri-food and agri-based products sector and its rural communities.

This strategic outcome comprises the following program activities, which are described in the subsequent discussion of expected results, plans and benefits to Canadians.

| **Program Activities** | 3.1 Science, Innovation and Adoption | 3.2 Agri-Business Development | 3.3 Rural and Co-operatives Development | 3.4 Canadian Pari-Mutuel Agency |
|---|---|---|---|---|

# Program Activity 3.1: Science, Innovation And Adoption

## Program Activity Summary

AAFC contributes to the competitiveness of the agriculture, agri-food and agri-based products sector by supporting innovation designed to improve profitability in new and existing products, services, processes and markets.

Coordinated and informed planning and decision-making is supported with strategic foresight, research, and information sharing with industry, government and academia. Collaborative action is promoted to accelerate the flow of science and technology along the innovation continuum in support of industry defined strategies for future success. Farmers, agri-entrepreneurs and agri-based small and medium sized enterprises are supported in their efforts to adopt new technologies and commercialize new products and services. Pathfinding and transformational research, help to define future opportunities and prepare the sector for emerging opportunities and challenges.

| Science, Innovation and Adoption | | | | | |
|---|---|---|---|---|---|
| Planned Spending (net) and Human Resources (FTEs) | | | | | |
| 2010-11 | | 2011-12 | | 2012-13 | |
| $408.8 M | 1,420 FTEs | $286.7 M | 1,420 FTEs | $306.7 M | 1,420 FTEs |

| Expected Results | Performance Indicators | Targets |
|---|---|---|
| An agriculture and agri-food sector that utilizes science and innovation to improve or transform commodities into new value-added or bio-product opportunities for processors, producers and rural communities and new life sciences products for consumers | Increase in agriculture net value-added ("value-added" is a Statistics Canada measure of Canadian value-added gross domestic product) | 7 per cent by March 31, 2014 |

## Planning Highlights

AAFC will continue to advance knowledge and technology in support of industry capability to capture new business opportunities in emerging markets for differentiated products in areas such as food, feed, fibre, health and wellness, energy, and industrial products. New knowledge, ideas, processes, products and services will be generated to accelerate the flow of science and technology results along the three phases of the innovation continuum – discovery, pre-commercialization and commercialization.

AAFC will continue to refine and implement its *Science and Innovation Strategy*. We will develop better basic understanding of animal and crop biology as a foundation for the development of integrated crop and livestock systems. Furthermore the department will develop and apply integrated crop and livestock systems to enhance producer profitability by decreasing risk, optimizing cost of production and improving overall economic and environmental sustainability. Using agricultural biomass platforms, conversion technologies and engineering systems, we will develop bioenergy, bio-industrial chemicals and bio-based materials. Further information on the *Science and Innovation Strategy* is available at: www.agr.gc.ca/scienceandinnovation.

Through the *Growing Canadian Agri-innovations Program*, launched in 2009-10, national science capacity will be mobilized to address industry objectives, and support will be provided to industry-led projects that bridge the gap between ideas and discoveries and products in the marketplace. For more information, visit www.agr.gc.ca/agri-innovations.

In addition, the department will encourage private sector investment in the agri-food, agri-based and bio-fuels industry sectors. AAFC will engage its networks of industry leaders to ensure that opportunities for value-added projects are captured. Support is provided for collaboration between producers, processors, distributors, science providers and the marketplace to ensure all aspects of the value-chain are considered. Government investment will be leveraged via industry partnerships to expand current as well as potential new areas including bioproducts, eco-materials, clean energy, and health products.

Adaptation programming will support industry-led approaches and solutions that assist farmers, the processing sector and the value chain as a whole, providing opportunities for collaborative solutions to common issues. For example, the Agricultural Flexibility Fund is a five-year, (2009-14) $500 million fund for new initiatives, both federally and in partnership with provinces, territories and industry, to improve the sector's competitiveness and adaptation to pressures through non-business risk-management measures. This fund will support projects that reduce production costs, improve environmental sustainability, promote innovation, and respond to market challenges.

### Benefits for Canadians

As an economic and science-based department, AAFC supports the stability and growth of the sector by providing the knowledge required for innovation in a Canadian context. Innovation programming provided by AAFC will help the sector build its own capacity to engage in scientific research and to develop the tools, technologies and practices needed to foster enhanced competitiveness.

By responding quickly to issues and opportunities, the agriculture and agri-food products sector can reduce the impact of unforeseen challenges or take advantage of opportunities ahead of competitors. Programs that encourage private-sector investment in the bio-economy in Canada strengthens the sector. A more productive bio-economy generates increased employment, provides an enhanced market for agricultural products and contributes to the prosperity of producers and Canadians.

## Program Activity 3.2: Agri-Business Development

### Program Activity Summary

This Program Activity builds awareness of the benefits and encourages the use of sound business management practices to enable businesses to be profitable and invest where needed to manage the natural resource base sustainably and to market and produce safe food and other products.

The Agri-Business Development Program Activity provides funding for activities related to business management practices and skills that: strengthen the capacity of businesses in the sector to assess the financial implications of business improvements, including the impact of environmental plans, food safety systems and innovation projects on their business profitability; manage transformation, respond to change and adopt innovation in business operations; help agri-business owners understand their financial situations, implement effective action and business management plans/practices and provide for enhanced participation by young or new entrants, First Nations clients, and clients in specific sub-sectors in transition.

| Agri-Business Development | | | | | |
|---|---|---|---|---|---|
| Planned Spending (net) and Human Resources (FTEs) | | | | | |
| 2010-11 | | 2011-12 | | 2012-13 | |
| $72.9 M | 51 FTEs | $52.3 M | 51 FTEs | $36.8 M | 51 FTEs |

| Expected Results | Performance Indicators | Targets |
|---|---|---|
| Increased realization of business goals | Percentage of participating businesses in Business Development programs meeting their business goals | 55 per cent by March 31, 2013 |

### Planning Highlights

AAFC will work with provincial and territorial partners to help agri-businesses access information, advisory services and skills development opportunities. Efforts will focus on areas such as business planning, tracking costs of production and benchmarking, goals realization and change management. AAFC will also fund national organizations to enhance the skills, tools and knowledge of youth, new entrants and established producers.

The department will provide financial counseling and mediation services to farmers who may be having trouble repaying debts, bringing producers and creditors together with a mediator to reach mutually acceptable repayment agreements.

Red meat packing and processing plants will benefit from repayable contributions through the Slaughter Improvement Program to support investments to reduce costs, increase revenues, or otherwise improve the operations of federally registered plants. For more information, visit www.agr.gc.ca/slaughterhouse.

AAFC will provide support for agricultural internships for young people who are unemployed or under-employed and who have studied in an agriculture-related area following high school as part of the Career Focus Program. For more information, visit www.agr.gc.ca/careerfocus.

### Benefits for Canadians

As a result of agri-business development initiatives, sector participants will be in a better position to increase profitability, realize goals and manage change. This will lead to a more financially sustainable and competitive agri-business sector which, in turn, contributes to strengthening Canadian economic growth, stewardship, food safety, and meeting the needs of Canadians for agri-based products.

## Program Activity 3.3: Rural and Co-operatives Development

### Program Activity Summary

The Rural and Co-operatives Development program leads an integrated, government-wide approach, called the Canada's Rural Partnership, through which the government aims to coordinate its economic, social, environmental and cultural policies towards the goal of economic and social development and renewal of rural Canada. It develops partnerships with federal departments and provincial and rural stakeholders in areas such as knowledge building, policy development and the implementation of the government's rural development strategies. It also offers tools to enable rural communities to use their innovative capacity to capture the value of local amenities, and to achieve greater local or regional economic competitiveness.

The program also promotes economic growth and social development of Canadian society through the development of co-operatives. It facilitates the development of co-operatives as an effective tool to help Canadians and communities address their needs and capture economic opportunities. It provides advice across government on policies and programs affecting co-operatives and builds partnerships within the federal government and with the sector, the provinces and other key stakeholders in the implementation of initiatives, such as capacity and knowledge building, to support the development of co-operatives.

| Rural and Co-operatives Development | | | | | |
|---|---|---|---|---|---|
| Planned Spending (net) and Human Resources (FTEs) | | | | | |
| 2010-11 | | 2011-12 | | 2012-13 | |
| $25.1 M | 88 FTEs | $25.1 M | 88 FTEs | $20.2 M | 88 FTEs |

| Expected Results | Performance Indicators | Targets |
|---|---|---|
| New economic activities are being developed in rural communities | Number of communities in 20 selected rural regions where new economic activities are implemented as a result of Canada's Rural Partnership collaborative activities | 30 by March 31, 2013 |
| | Number of communities that identified and assessed their local natural and cultural amenities | 100 by March 31, 2013 |
| Canadians are better able to utilize the co-operative model to meet their economic and social needs | Number of co-operatives created which have received Co-operative Development Initiative support | 150 by March 31, 2013 |

## Planning Highlights

AAFC, through Canada's Rural Partnership (CRP), will work with government and non-government organizations to foster innovative rural development. This will enable communities to enhance their competitiveness and increase economic activities. For example, this will allow 100 rural communities to identify and assess local amenities to attract investment and people. For more information, visit www.rural.gc.ca.

Through the Community Development Fund (CDF), launched in 2009, AAFC will assist rural communities in the tobacco-growing region of Ontario to transition to a non-tobacco based economy. CDF will provide support to community-based initiatives that support regional development, attract and retain people and investment, and stimulate business development and job creation.

Co-operative organizations will receive support to develop more co-ops and to research and test innovative ways of using the co-operative model. The Co-operative Development Initiative will make the co-op option more readily available to Canadians. For more information, visit www.coop.gc.ca.

As the United Nations General Assembly has proclaimed 2012 as the International Year of Co-operatives, planning of activities to celebrate the positive impact of co-operatives on the Canadian socio-economic fabric will take place in 2011 and be implemented in 2012.

## Benefits for Canadians

Canada's rural communities will have improved access to quality information, tools and services for innovative rural development, creating benefits from economic opportunities and supporting the innovation and growth of the sector. Canadians will have greater access to the services and information necessary to launch or expand co-operatives. This will generate opportunities for innovation and economic growth.

# Program Activity 3.4: Canadian Pari-Mutuel Agency

## Program Activity Summary

Section 204 of the *Criminal Code of Canada* designates the Minister of Agriculture and Agri-Food as the individual responsible for the policy and regulatory functions pertaining to pari-mutuel wagering on horse races.

The Canadian Pari-Mutuel Agency (CPMA) is a special operating agency within AAFC that regulates and supervises pari-mutuel betting on horse racing at racetracks across Canada, with the objective of ensuring that pari-mutuel betting is conducted in a way that is fair to the betting public. Costs associated with the activities of the CPMA are recovered through a levy on every dollar bet on horse races in Canada. The levy is currently set at eight-tenths of a cent of every dollar bet. CPMA's strategic plans are focused on regulating and supervising pari-mutuel wagering on horse races in the most modern, effective and transparent manner.

| Canadian Pari-Mutuel Agency | | | | | |
|---|---|---|---|---|---|
| **Planned Spending (net) and Human Resources (FTEs)** | | | | | |
| 2010-11 | | 2011-12 | | 2012-13 | |
| $0.4 M | 57 FTEs | $(0.0) M | 57 FTEs | $(0.3) M | 57 FTEs |

| Expected Results | Performance Indicators | Targets |
|---|---|---|
| Pari-mutuel betting is conducted in a way that is fair to the Canadian betting public | Percentage of compliance with the *Pari-Mutuel Betting Supervision Regulations* of Canadian racetracks and betting theatres inspected by CPMA officers | 100 per cent by March 31, 2011 |

## Planning Highlights

The CPMA will approve and inspect pari-mutuel betting activities conducted at racetracks and betting theatres across Canada to ensure compliance with the *Pari-Mutuel Betting Supervision Regulations* (the *Regulations*) and policies. The CPMA will continue working in collaboration with Justice Canada to complete the comprehensive amendment of the *Regulations*, and will consult with industry stakeholders to ensure that all interested parties understand the new regulatory requirements. A description of draft regulatory changes is available at www.agr.gc.ca/parimutuel-review.

The Agency will also provide equine drug control programs at racetracks that help ensure race outcomes are not influenced by the inappropriate administration of drugs or medications to race horses.

## Benefits for Canadians

Canadians can be assured that pari-mutuel betting systems are operated in a manner consistent with the governing regulations, and that all reasonable steps are taken so that betting on horse races is conducted in a fair and equitable manner.

## Canada's Economic Action Plan

AAFC is helping deliver Canada's Economic Action Plan (CEAP) with investments to support the agriculture and agri-food sector and to assist Canadian farmers to maximize market opportunities. The department is also contributing to important horizontal initiatives under CEAP with investments in infrastructure.

| CEAP Initiative | Alignment with Program Activity |
|---|---|
| Agricultural Flexibility Fund (AgriFlexibility) | PA 1.1 Environmental Knowledge, Technology, Information and Measurement<br>PA 1.2 On-Farm Action<br>PA 2.2 Food Safety and Biosecurity Risk Management Systems<br>PA 2.3 Trade and Market Development<br>PA 3.1 Science, Innovation and Adoption<br>PA 3.2 Agri-Business Development<br>PA 4.1 Internal Services |
| Slaughter Improvement Program | PA 3.2 Agri-Business Development |
| *Canadian Agricultural Loans Act* | PA 2.1 Business Risk Management |
| Transfer of Delivery of the AgriStability Program | PA 2.1 Business Risk Management<br>PA 4.1 Internal Services |
| Modernizing Federal Laboratories Program | PA 3.1 Science, Innovation and Adoption<br>PA 3.4 Canadian Pari-Mutuel Agency |
| Accelerating Federal Contaminated Sites Action Plan | PA 4.1 Internal Services |

Following is a discussion of departmental plans for each of these initiatives.

### Agricultural Flexibility Fund

The Agricultural Flexibility Fund (AgriFlexibility) is a five-year (2009-14), $500 million fund. It supports new initiatives, both federally and in partnership with provinces, territories and industry that will improve the sector's competitiveness. These initiatives will help the sector adapt to pressures through non-business risk-management measures that will reduce production costs, improve environmental sustainability, promote innovation, and respond to market challenges.

Three federal-only initiatives have been announced under AgriFlexibility and are at various stages of design and implementation. They are: Livestock Auction Traceability Initiative (LATI); AgriProcessing Initiative (API); and Canada Brand Advocacy Initiative (CBAI).

Funding provided under LATI will enhance Canada's traceability capacity, focusing on the livestock sector. Under the API, $50 million in repayable contributions will be allocated to existing agri-processing companies or co-operatives to adopt new technologies and processes essential to sustaining and improving the sector's competitive position. CBAI will complement industry efforts in markets where challenges or opportunities exist, and will include a variety of sustained consumer-oriented marketing activities such as advertising, retail in-store activities, and restaurant and food-service promotions. Under CBAI, public opinion research and promotional and advertising campaigns will take place in Japan, South Korea and Mexico.

The AgriFlexibility Fund will also support proposals and initiatives from the provinces and territories, and industry, in partnership with the federal government. For example, the Government of Canada has invested in four new projects administered by Pulse Canada to increase profitability for pulse growers, and in the development of a comprehensive market strategy by the Canola Council of Canada to improve market access for Canada's canola farmers. Also, in partnership with the province of Saskatchewan, the government has invested in a project by the Saskatchewan Research Council to commercialize a DNA-based process for wheat identification.

The department is continuing to work with provinces, territories, and industry to develop initiatives under AgriFlexibility to help the sector become more competitive. Given the broad nature of its expected outcomes, AgriFlexibility contributes to all three of AAFC's Strategic Outcomes.

| CEAP Portion of Planned Spending | | |
|---|---|---|
| 2010-11 | 2011-12* | 2012-13* |
| $124.2 M | $124.2 M | $124.2 M |

* Amounts are funded from existing unallocated departmental resources.

| Expected Results | Performance Indicators | Targets |
|---|---|---|
| Producers and industry improve their environmental practices | Number of actions implemented by producers to improve their environmental practices | Targets have not been established for most performance indicators as initiatives have either recently been announced or will be announced in the coming months. The programming is new; there is no historical information upon which to base targets. |
| Producers and industry reduce their costs of production | Number of actions implemented by producers to reduce their costs of production | |
| Improved food safety, biosecurity, traceability and risk management measures | Number of improved food safety, biosecurity, traceability and risk management measures | |
| Agri-processors upgrade capacity through modernization of facilities | Number of agri-processors that upgrade capacity | |
| Increase in value-chain efforts focussed on innovation and adaptation | Number and types of activities that increased value-chain efforts focused on innovation and adaptation | |
| Agri-industry actions to respond to market threats and take advantage of emerging market opportunities | Number of actions to respond to market threats and take advantage of emerging market opportunities | |

## Planning Highlights

AAFC plans to fully implement AgriFlexibility in 2010.

To promote value-chain innovation and improve market access for Canadian food and agricultural products, AAFC will implement a Value-Chain Initiative based on strategic planning done by the Value Chain Roundtables currently representing the beef, food processing, grains, horticulture, organics, pork, seafood, and special crops sectors.

Lower production costs and new markets will improve the sector's profitability and will contribute to the country's economic recovery. Canadians will also benefit from improved environmental practices as a result of AgriFlexibility.

## Slaughter Improvement Program

The Slaughter Improvement Program (SIP) is national, applications-based, and provides red meat packers and processors with repayable federal contributions to implement sound business plans for projects aimed at improving the operations of federally inspected packing plants. The program aims to allow industry stakeholders to strengthen their competitiveness by supporting new investments that could support profitability for red meat packers. These new investments focus on reducing operating costs, increasing revenues, and adopting innovation to meet future business conditions and consumer expectations. The program also addresses slaughter capacity gaps in regions where it can be demonstrated that this factor is constraining sector growth.

| CEAP Portion of Planned Spending | | |
|---|---|---|
| 2010-11 | 2011-12 | 2012-13 |
| $20.9 M | $14.9 M | |

| Expected Results | Performance Indicators | Targets |
|---|---|---|
| Increased productivity, revenues and/or innovation, and/or reduced costs among red meat packers and processors | Per cent of recipients that increase their productivity, revenues and/or innovation, and/or reduce their costs (compared to the level documented in their application) | 85 per cent by 2012 |
| Contributed to profitability or reduced losses among red meat packers and processors | Per cent of recipients that increase their profitability (compared to the level documented in their application) | 85 per cent by 2012 |

## Planning Highlights

The SIP is delivered nationally by AAFC. The program can provide up to 50 per cent of eligible costs. Projects must be completed by March 31, 2012. Program applications were received in two rounds. The first-round application deadline was August 21, 2009 and the second-round deadline was October 30, 2009. Further requests for applications will be subject to the availability of funds.

Market conditions are the main risk to the expected results, particularly in light of demand reductions during the recession and a higher Canadian dollar. Investments in productivity and innovation will help mitigate some of these risks. This program is contributing to innovation and competitiveness in the agriculture, agri-food and agri-based products sector. As a result of the SIP, sector participants will be in a better position to increase business performance and profitability.

For more information, visit www.agr.gc.ca/slaughterhouse.

# Canadian Agricultural Loans Act

The *Canadian Agricultural Loans Act* (CALA) is a financial loan guarantee program that gives farmers easier access to credit. Recent changes to legislation make more credit available to new farmers and to a broader range of agricultural co-operatives. Through the CALA, AAFC is supporting the renewal of the agricultural sector and enabling co-operatives to better seize market opportunities.

| CEAP Portion of Planned Spending | | |
|---|---|---|
| 2010-11 | 2011-12 | 2012-13 |
| $4.0 M | $10.6 M | $10.6 M |

| Expected Results | Performance Indicators | Targets |
|---|---|---|
| Farmers and agricultural co-operatives have access to affordable capital to make investments in their farm properties | Number of program participants per fiscal year | 2009-10: 2,625 participants<br>2010-11: 3,300 participants<br>2011-12: 3,900 participants<br>2012-13: 3,900 participants |

### Planning Highlights

The CALA aims to help both new and existing farmers and agricultural co-operatives with their financing needs by guaranteeing loans issued by financial institutions. It will also help strengthen the agricultural sector by providing opportunities for beginning farmers to get started, or to take over the family farm through intergenerational farm transfers, and for more agricultural co-operatives to participate in value-added initiatives.

Additional information can be found at www.agr.gc.ca/cala.

## Transfer of Delivery of the AgriStability Program

This initiative supports the federal government's commitment to work with interested provinces toward transferring the delivery of the AgriStability program from the federal government to provincial governments. The transfer will allow for integration and alignment with business risk management programs that are delivered by provinces.

| CEAP Portion of Planned Spending | | |
|---|---|---|
| 2010-11 | 2011-12 | 2012-13 |
| $11.8 M | | |

| Expected Results | Performance Indicators | Targets |
|---|---|---|
| Provinces (BC, SK) delivering AgriStability for 2009 program year | Signed bilateral delivery transfer and employee transfer agreements | Signed agreements by December 31, 2009 |

### Planning Highlights

The federal government is transferring delivery of the AgriStability program to British Columbia and Saskatchewan. The transfer began in January 2010. Detailed transition plans with the provinces will help ensure a seamless transition and mitigate the impact on AAFC operations in Regina and Winnipeg.

This initiative will support client service through wider integration and alignment of BRM programs that are already being delivered by provinces.

## Modernizing Federal Laboratories Program

Under CEAP, AAFC received $25.9 million for eight modernization projects in laboratories across the country in 2009-10 and 2010-11. Greenhouses will be replaced in Swift Current, Saskatchewan, and upgraded in Harrington, Prince Edward Island. A new dairy complex will be built in Sherbrooke, Quebec. Laboratories will be upgraded in Ottawa and Guelph, Ontario, Morden, Manitoba, St-Jean-sur-Richelieu, Quebec, and Fredericton, New Brunswick.

| CEAP Portion of Planned Spending | | |
|---|---|---|
| 2010-11 | 2011-12 | 2012-13 |
| $19.3 M | | |

| Expected Results | Performance Indicators | Targets |
|---|---|---|
| Completion of eight laboratory projects across Canada | On time and on budget | By March 2011 complete all 8 projects on budget |

## Planning Highlights

Work on all eight modernization projects is under way and, in most cases, actual construction has commenced. Since the projects are required to be completed by March 2011, time is critical. Therefore, plans are in place to mitigate the impact of risks and help ensure on-time completion within budgets.

The projects represent a sound investment in AAFC infrastructure, greatly enhancing science capacity and underpinning the core regulatory responsibilities of the department. The projects will support important research in plant breeding, pesticide management, food safety and new product development. There will be long-term benefits for farmers and an immediate economic stimulus in the construction and related industries.

# Accelerating the Federal Contaminated Sites Action Plan

Accelerating the Federal Contaminated Sites Action Plan (FCSAP) initiative under CEAP increases the pace of activities under the existing program in 2009-10 and 2010-11. FCSAP is a cost-shared program that helps federal custodians to address contaminated sites for which they are responsible. The CEAP funding for AAFC will be used for additional site assessments and remediation activities at its contaminated sites.

| CEAP Portion of Planned Spending | | |
|---|---|---|
| 2010-11 | 2011-12 | 2012-13 |
| $1.3 M | | |

| Expected Results | Performance Indicators | Targets |
|---|---|---|
| Completion of additional assessment and remediation activities at AAFC contaminated sites to address risks posed to human health and the environment and to reduce associated financial liability | Number of remediation projects under way or completed at AAFC contaminated sites | By March 31, 2011 undertake 10 remediation projects |
| | Number of assessment projects completed at AAFC contaminated sites | By March 31, 2011, complete 10 assessment projects |

## Planning Highlights

In accelerating the FCSAP initiative, AAFC will conduct an additional 10 remediation projects and 10 assessment projects. The department will be able to address priority sites more quickly than initially planned and, as a result, accelerate the reduction of risks to human health and the environment, as well as its liability risks. All projects should be under way or completed by the end of March 2011.

Due to the nature of contaminated sites work, the remedial action plan for each site cannot be fully developed until an assessment is completed. There is a risk that the number of remediation projects could vary based on the assessment results. While it is estimated that 20 projects will be completed within the given budget, the number of projects may vary depending on actual costs.

Accelerating the FCSAP activities under CEAP will result in an improved environment and provide employment opportunities for a wide variety of companies and workers throughout the country.

# Program Activity 4.1: Internal Services

## Program Activity Summary

Internal Services are groups of related activities and resources that are administered to support all Strategic Outcomes and the needs of programs and other corporate obligations of the department. Only those activities and resources that apply across the department, and not those provided specifically to a program, are included. Internal Services consists of the following group of activities:

- Management and Oversight (includes Strategic Policy and Government Relations; Program/Service Management; Planning, Performance and Reporting; and Internal Audit and Evaluation); Communications Services; and Legal Services;
- Resource Management Services including: Human Resources Management Services; Financial Management Services; Information Management Services; Information Technology Services; and Travel and Other Administrative Services; and
- Asset Management Services including: Real Property Services; Materiel Services; and Acquisition Services.

| Internal Services | | | | | |
|---|---|---|---|---|---|
| Planned Spending (net) and Human Resources (FTEs) | | | | | |
| 2010-11 | | 2011-12 | | 2012-13 | |
| $306.0 M | 2,031 FTEs | $299.4 M | 2,031 FTEs | $298.3 M | 2,031 FTEs |

## Planning Highlights

### *Service Excellence*

AAFC recently established the Service Policy and Transformation (SPT) Directorate to help implement AAFC's Service Excellence agenda within the department and with federal, provincial and territorial partners. This new directorate will work to develop and adopt common business processes to better serve clients.

AAFC will deliver on a suite of Service Excellence projects and initiatives based on client feedback. To access AAFC's 2007 producer and client satisfaction survey, visit www.agr.gc.ca/satisfaction-survey.

### *Management of Grants and Contributions Program*

In 2008, the Government of Canada introduced its *Action Plan to Reform the Administration of Grant and Contribution (G&C) Programs*. As a result, AAFC launched its Centre of Program Excellence (COPE) to centrally coordinate and integrate its approach to program management across the department. COPE will build program management capacity by providing advice, guidance, training, and standardized tools to program staff to design, deliver and implement G&C programs. Responsibilities also include maintaining the contribution agreement registry, co-ordinating recipient audits, and monitoring and reporting of programs that are cost shared with the provinces and territories. The overall objective is to simplify administration while strengthening accountability and risk-based approaches for managing programs.

### *Human Resource Management*

AAFC's human resources framework evolves to support changing business, policy, program, and people management priorities. Specific human resources plans and initiatives support the achievement of all strategic objectives and are critical to the department's capacity to deliver on business goals and provide excellent results to Canadians. AAFC's 2009-12 *Integrated Business-Human Resources Plan* addresses current and emerging priorities, with emphasis on:

- making progress on the four key priorities in the Clerk of the Privy Council's *Public Service Renewal Action Plan: Integrated Planning, Recruitment, Employee Development and Enabling Infrastructure*;
- addressing employee concerns raised during the most recent Public Service Employee Survey; and
- ensuring AAFC's workforce reflects the diversity of Canadian society and serves Canadians in both official languages.

### Financial Management

AAFC is working to implement the Treasury Board Secretariat's Financial Management Policy Suite. As the proposed new and revised policy instruments and directives are issued, AAFC will assess their implications, impacts and effects in relation to the current instruments. Once identified, these changes will be highlighted and presented to senior management with a recommended implementation plan. This plan is also aimed at continuously improving the quality of financial reporting and strengthening the financial management capability.

### Investment Planning and the Management of Projects

AAFC is developing a five-year Investment Plan (2010-2015) to comply with Treasury Board's new policies on Investment Planning and the Management of Projects. The new policy on Investment Planning – Assets and Acquired Services replaces the previous policy on Long Term Capital Planning. In developing this plan, AAFC has shifted away from a focus on capital planning that was asset-centric to one that is outcome-centric and provides a comprehensive view of the department's investments. Effective investment planning ensures that resources are allocated in a manner that clearly supports program outcomes and government priorities.

Correspondingly, the Policy on the Management of Projects assesses both the risk of the project and the department's capacity to manage and deliver on the projects. To effectively support and advance AAFC's capacity, the department is developing and maturing the departmental project management framework (PMF) to strengthen its rigour and discipline associated with managing projects. This will include an integrated departmental level approach for consistent practices in governance, training, monitoring of projects and reporting.

### Information Management and Information Technology

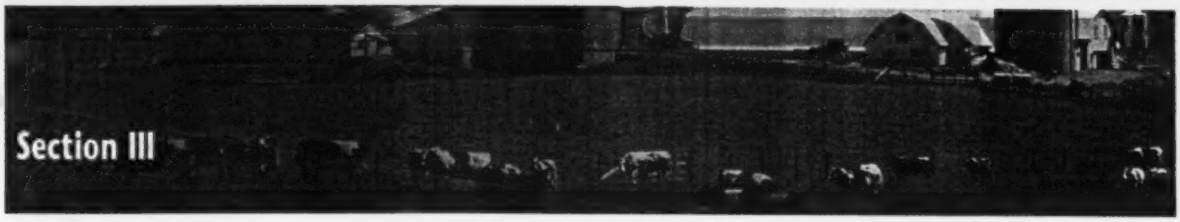
The department will continue to manage and deliver Information Management and Information Technology (IM/IT) products and services through the AAFC IM/IT business model, an IM/IT Activity Architecture, strong governance and a project management (PM) framework. The PM framework will include a departmental level approach for consistent practices in governance, training, monitoring of projects and reporting. The overall approach for the management and delivery of IM/IT products and services will help ensure that departmental investments are aligned to departmental priorities, while optimizing departmental IM/IT expenditures. As AAFC moves forward, work will be focussed on meeting AAFC's business needs and alignment with Government of Canada standards and initiatives such as Shared Services.

### Internal Audit and Evaluation Service

Full implementation of the Treasury Board Secretariat's (TBS) Policy on Internal Audit has been achieved, so the focus in 2010-11 will be to increase the number of assurance reports completed. The department has now embarked on implementation of the 2009 TBS Policy on Evaluation and aims also to increase the number of completed evaluation reports in 2010-11. Finally, the department will complete assurance work related to AAFC's programs under Canada's Economic Action Plan.

### Portfolio Co-ordination

AAFC will continue to foster policy co-ordination and promote collaboration among the partner organizations of the Agriculture and Agri-Food Portfolio.




# Supplementary Information

## Supplementary Information Tables

All electronic supplementary information tables listed below can be found on the Treasury Board of Canada Secretariat's web site at: http://www.tbs-sct.gc.ca/rpp/2010-2011/info/info-eng.asp.

- Details on Transfer Payment Programs
- Up-Front Multi-Year Funding
- Green Procurement
- Horizontal Initiatives
- Internal Audits and Evaluations
- Sources of Respendable and Non-Respendable Revenue
- Summary of Capital Spending by Program Activity
- User Fees